

Mr Rees firm on Agee and Hosenball expulsions

announced in the Commons yesterday
decision to deport two American jour-
nalists Philip Agee and Mr Mark Hosenball.
The decision of national security must stand. Some
of the Labour Party shouted and yelled,
and others cheered loudly.

Mr Rees man seeks invoke Scots law

Tendler
on by Mr Rees, the
Secretary of State
for the Home Office,
yesterday, to
American journalists
Philip Agee and Mr
Mark Hosenball, who
were expelled from
the country after the
Commons decision.
Mr Rees, one of the
two, said that he
would try to prevent
them from re-entering
the country.

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the Home Secretary,
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ue attacks The Times dissidents' charter

Feb 16.—In a sharp
attack on the
London paper
the views of
militarists, when it
praised the
behaviour of
the British
dissidents.

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hospital may need £8m to make it safe

Reporter
inquiry has begun
design of the new
Teaching Hospital,
been declared unsafe
fire standards. Tests
made but the latest
for remedial work
it may cost £8m
to make the new
hospital safe.

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Van Dyck for nation: A double portrait by
Van Dyck, valued at about £400,000, has been
acquired by the National Gallery in a deal that
will help to pay death duties on the Spencer
estate at Alderbury, near Northampton (our Arts
Reporter writes). The painting of Lady Elizabeth
Thimbleby and Dorothy Viscountess
Andover, was bought from Lord Spencer for
an undisclosed sum under private treaty. It
is on show at the gallery from today.

It was cleaned there and has been revealed in
glowing golds and pinks, as a superb example

of Van Dyck's gifts as a colourist. It was
painted in oil on canvas about 1637 during the
artist's residence in England as court painter
to Charles I. It is the eighth Van Dyck in the
gallery's collection, the first of a woman and
the first double portrait.

Lord Spencer, whose collection includes other
paintings by Van Dyck, Reynolds and Gains-
borough, sold the picture as a result of the
death of his father in 1975. He said it had been
in his family for nearly 300 years and he was
very sad to see it go.

Unions kill hopes of pre-Budget pay deal

By Paul Routledge
Labour Editor

Trade union leaders last night
finally disposed of the Chan-
cellor's hopes for an agreement
on pay restraint before his
spring Budget.

After a two-and-a-half-hour
meeting senior members of the
TUC economic committee went
to 11 Downing Street for a
working dinner with Mr Healey
and fellow Cabinet ministers.

Earlier, the TUC-Government
social contract came under
renewed pressure from train
drivers, who served notice on
the British Railways Board that
they intended to work for the
ending of wage controls.

They are demanding a pay
award large enough to make up
for ground lost over the past
two years. The National Union
of Railwaymen thinks that may
be about £20, but the unions
are not pressing for an immedi-
ate rise on that scale.

Mr Ray Buckton, general
secretary of the Associated Society
of Locomotive Engineers and
Firemen, told British Rail that
his union would do all it could
within the democratic processes
of the labour movement to en-
sure that the unions were freed
of the "shackles of recent years".

The form of pay restraint to
follow the expiry of the 41 per
cent policy on July 31 remained
undecided after last night's
meeting of the TUC economic
committee. Mr Len Murray,
general secretary of the TUC,
said: "We are going into dis-
cussions with the aim of reach-
ing an agreement, but it takes
sides to make an agree-
ment."

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New peace attempt on Rhodesia 'very soon'

Cape Town, Feb 16.—The
South African, British and
American Governments are
soon to discuss a new initiative
on Rhodesia that could have
far-reaching consequences in
the whole of southern Africa.

Dr Hilgard Muller, the South
African Foreign Minister, said
here today.

Starting that South Africa
would do all it possibly could
to bring about a peaceful solu-
tion in Rhodesia, Dr Muller said
the meeting between representa-
tives of the three govern-
ments "will take place in the
very near future".

He did not confirm reports
from Washington that Mr P. W.
Botha, the South African
Prime Minister, would meet
soon with a British representa-
tive and Mr William Schaufele,
the American Assistant Sec-
retary of State. "But I can say
that the meeting will probably
be taking place in the very near
future. There are great
expectations about the new
initiative which is about to be
taken", Dr Muller added.

Although the Geneva confer-
ence which brought the parties
together had proved a failure,
Dr Muller said the new initia-
tive has come about through
recent contacts between the
two warring groups.

He said South Africa's rela-
tions with other African coun-
tries would improve greatly
once the issues of Rhodesia and
Namibia (South-West Africa)
were solved.—Agence France
Presse.

Our Diplomatic Correspondent
writes: The Foreign Office said
yesterday that it had no knowl-
edge of any such meeting.

The review of policy on Rhod-
esia is continuing in London
and in due course there will
certainly be consultations with
Washington. It may well be
that these discussions are wide-
ranging, but nothing has been
arranged at this stage.

Our Washington Correspondent
writes: British and American
officials will meet next week
to discuss Rhodesia but a State
Department spokesman said he
knew of no South African in-
volvement. The Anglo-American
conference will not be at a high
level.

Border area restricted, page 5

Border area restricted, page 5

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Border area restricted, page 5

Earnings and prices gap widens further

Average earnings rose by 5.4
per cent in the first five months
of the present pay policy
phase, using up most of the
near 7 per cent increase over
the 12-month period estimated
when agreement was reached
on the social contract. As infla-
tion during the first half of this
year is not expected to be below
an annual rate of 15 per cent,
the little margin for any
improvement in the remaining
period of the present phase
underlines the stresses facing
the pay policy in the coming
months. Page 17

Another S Africa jail death fall

A white prisoner, trying to
escape from his cell in Durban,
fell and killed himself. Since
last March, 19 persons have
died while being detained in
the republic. Except for yester-
day's fatality, all were blacks,
including a student who fell to
his death on Tuesday at Johan-
nesburg police headquarters. Page 5

Benefit body may appeal

The Supplementary Benefit
Commission is considering an
appeal to the House of Lords
after losing a case over parental
contributions in assessing stu-
dent claims. The case may
affect benefit rights for 150,000
students. A former law student
who brought the case will not
automatically be awarded benefit.
Law Report, page 6

Police seeking right to strike

Breakdown of pay talks between
the Police Federation and the
Home Secretary has brought
fierce criticism from representa-
tives of Britain's 120,000
policemen. A resolution is ex-
pected to be passed at the an-
nual conference in May de-
manding the right to strike, at
present forbidden by law. Page 4

300 die in floods

At least 300 people have died
in southern Mozambique since
the area has been hit by floods
from the Limpopo river. Vil-
lages have been washed away
and the country's best agri-
cultural land devastated. The
authorities have issued warn-
ings about the danger of
epidemics. Page 6

Obituary, page 16

Obituary, page 16

Obituary, page 16

Obituary, page 16

Obituary, page 16

Obituary, page 16

Obituary, page 16

Condition of Mr Crosland is 'stable' hospital says

By Our Diplomatic
Correspondent

The deterioration in the
condition of Mr Crosland since he
was admitted to the Radcliffe
Infirmary at Oxford on Sunday
has been halted, the Foreign
Office said yesterday.

The hospital stated yesterday
afternoon that the Foreign
Secretary remained critically
ill, and added: "In these cases
this is not at all an unusual
state of affairs in that the con-
dition appears to be stable.
This is something that can go
for a shorter or longer length
of time with no change at all."

"His condition is neither
improving nor deteriorating.
The deterioration has gone no
further since yesterday."

Wives' alarm: Some MPs' wives
alarmed about Mr Crosland's
illness, are calling for coop-
eration among MPs to try to
reduce overwork (the Press
Association reports).

Mrs Jane Litterick, wife of
Mr Thomas Litterick, Labour
MP for Birmingham, said: "I
said: 'Sometimes I think that
only the dropping dead of the
whole Cabinet would make some
MPs act.'"

Leading article, page 15

Final Test drawn

England and India drew the
fifth Test match in Bombay,
leaving England 3-1 winners
of the series. England, needing
214 to win, were 152 for seven
at the close. Page 11

Irish prisoners: A new poten-
tial source of friction between
the Irish and British govern-
ments emerged in the Daily
alleged ill-treatment of IRA
terrorists in English jails, but
at Westminster Mr Rees re-
butted complaints. Page 2

Tax reform: Proposals for re-
form of the taxation system
have been put forward by Sir
Coffey. The shadow Chan-
cellor of the Exchequer. Page 4

Brussels: EEC and Soviet
Union open negotiations aimed
at regulating fish catches in
each other's waters. Page 5

Storm blame: Hear generated
by London contributed to the
worst British storm on record,
which occurred over Hampstead
in August, 1975. Page 16

Science report, page 16

Science report, page 16

Science report, page 16

Science report, page 16

Science report, page 16

Science report, page 16

Science report, page 16

Temples of Baalbek damaged by gunfire

From Robert Fisk
Baalbek, Feb 16

The great
temples of
Baalbek, perhaps the most
important monuments to
Roman civilization in the
Middle East, have been
damaged by shells and gunfire
from Palestinian guerrillas.

The acres of archaeological
remains, including the 62ft high
temple of Bacchus which with-
stood a big earthquake in the
eighth century, still stand
as majestically as ever on the
edge of this small Muslim town
in the Bekaa valley, and when
tourists return to Lebanon and
visit Baalbek they may not
immediately notice the war
damage.

Archaeologists and classical
scholars, however, are likely to
feel a sense of loss when they
next tour the magnificent ruins.
Machine gun bullets have
pockmarked a wall at the northern
end of the temple of Jupiter,
two armoured shells have
broken away part of the wall
of a Roman tower a hundred
yards away and, by far the most
serious depredation, a rocket
has smashed into the top of
one of the immense pillars on
the outside of the temple of
Bacchus.

The damage was caused when
Palestinian guerrillas opened
fire on Syrian troops who had
been billeted inside the ruins.
No visitors are allowed inside
the temples and soldiers with
automatic rifles refuse to allow
civilians to enter the gates in
front of the temple of Bacchus.

In the thirteenth century, the
Arabs used the ruins as a fort-
ress and the Syrian unit
stationed there, now with the
Arab Legion, peacekeeping
army, has converted the site
temporarily into a military area.

This morning a Syrian officer
gave me permission to walk
round the temples. Tents have
been pitched at various points
across the site and the troops
have built mortars and
rocket-launchers in the hexa-
gonal courtyard next to the
propylaea on the eastern corner
of the ruins.

A Syrian private, who was
instructed to accompany me,
pointed out the rocket damage.
The rocket had hit the top of
the column and left a gash
several yards wide on a part
of the roof frieze, tearing off
carved stone and breaking the
frieze at the summit of the
column.

On the ground beside the
temple basement I found the
smashed remains of the frieze
which must have been a
thousand pieces. A small chunk
of marble, looking as fresh as
it must have done the day the
Romans quarried it, crumbled in
my hand.

The soldier took me along
the wall beside the 65ft
columns of the temple of
Jupiter. At the back of the
temple remains he showed me
a wall of marble, one slab of
which was pitted with bullet
holes.

"I was with four other men
sleeping beneath the wall two
months ago when those Pales-
tinians fired at us," he said.
"The bullets just missed us."
The steel-jacketed bullets can
still be seen embedded in the
marble.

The Syrian troops seem to
have caused no damage to the
temples themselves, but the
wisdom of placing an army
unit inside such invaluable
monuments to a previous
civilization is open to question.

Help the Deaf Communicate

Lives are being devastated by lifelong
deafness; profoundly deaf children are
unable to learn speech or language
normally.

Inability to share the thoughts of
others through the spoken or the
printed word is alienating thousands of
deaf people from much that makes life
meaningful. Profound deafness just
does not go away—but pursues one
relentlessly throughout life, within the
family circle, at work, at play, always
isolating, depriving, inhibiting.

Communication is surely beyond price.

The British Deaf Association relies on
gifts and legacies to promote a wide
programme for developing
communication skills and educational
facilities, deaf people everywhere
appeal for awareness and
understanding of their problems.

Will you help please?

The
British Deaf
Association

38 VICTORIA PLACE, CARLISLE CA1 1HU

A NATIONAL CHARITY FOUNDED IN 1880

it on road with party

Europe MPs fear rival stallings direct elections

By Our Political Reporter

Mr Norman Buchan, MP for Renfrewshire, West, confessed he had never before been so worried by such an issue or so concerned about the Machiavellian tactics of the Scottish National Party (SNP).

Mr Buchan is a respected voice in his party. There is, he says, a lot of valuable thought going on behind that thin, anxious face. He took another turn across the lounge, like some lean admiral willing the enemy fleet to come out and fight.

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Compromise poll reform plan is urged for Europe

By a Staff Reporter

An electoral plan offering a compromise between supporters of the first-past-the-post system and those of the Westminster system is being considered by the House of Commons.

In a pamphlet published by the National Committee for Electoral Reform, Mr Michael Stead says the unthinking introduction of the existing system used for national elections would be potentially disastrous for most British political parties and for parliamentary democracy.

Mr Stead, a lecturer in the Department of Government at Manchester University, calls on the Government to change its mind, even at this late stage, before publishing the Bill setting out its proposed voting system for the 1978 European elections.

He suggests adopting the Finnish electoral system adapted to the British ballot paper. In that way, although candidates would be nominated by a number of electors, two or more candidates, up to the total number of seats in the constituency, could declare themselves a team.

'Machiavellian tactics of the SNP are the most worrying issue' Frustration of a Scots loyal Labour supporter

From Ronald Faux, Glasgow

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question about independence is not asked. If the Bill is killed, it will exacerbate the situation in Scotland, but if it goes through, nothing will be altered. My strategy has been to get the Bill through, as good a Bill as we can get, and present it to the Scottish people. But the second question must be put, for without it, the assembly will be wrecked in the first couple of years.

The Cabinet, he says, had a right to feel about agreeing with him. They most likely took the view that if independence was to be an issue, the whole of the United Kingdom had a right to vote. "You cannot say to one group of people 'We are giving you the right to decide', and just to make sure then bring in another group ten times as big. That would produce the very effect it might have sought to prevent."

"It is just not on to ask the question in England, so we do not exercise the right and we do not ask it. There are plenty of rights which people have but which they do not exercise. Mr Sam Silkin is a classic example of that at the moment."

Another difficulty was that devolution raised barely a flutter in Labour's left wing,



Mr Buchan: On the second line of defence.

with which Mr Buchan is most closely identified. Who, he asked, was going to campaign in support of the Bill with the same fiery enthusiasm he would use in fighting the bastions of capitalism?

The trouble with devolution was that it had no immediate

impact on people's lives, or whether they had a job. The assembly was a fiction, seen in terms of Scots expressing their own nationhood, but devolution had occurred when the Government was under pressure from separatists. The exercise had been wrongly timed.

Mr Buchan does not seem impressed by the tactical stand his party has taken against the nationalists. The SNP had won the semantic argument over "separatism". In some curious way, no one now regarded the SNP's independence theme as separatist. "It is, and to a dangerous extent. The Government have to meet them directly on that one single issue, because a party winning an election on such a basis has an absolute open mandate. That is the greatest danger of all."

In the Renfrew area alone, he said, an independent Scotland would mean the loss of thousands of jobs simply because the Central Electricity Generating Board in England would naturally channel work for power stations to English firms, and the main employer in the constituency would lose up to nine-tenths of its present market.

Decision on timetable of devolution Bill expected

By Our Political Reporter

Cabinet ministers are expected to decide today whether the Government should bring in the guillotine on the Scotland and Wales Bill next week.

Government business managers, led by Mr Foot, Leader of the House, are understood to have decided to make the recommendation to Cabinet, despite all the well rehearsed difficulties that that might involve.

Although the Government has no hope of getting the Bill through the Commons without the timetable motion, there may be enough dissidents on Labour's benches to ensure defeat.

However, government business managers believe that now the issue over a referendum has been fully debated little time should be lost in bringing in a timetable motion.

The Government yesterday tabled its new clauses on the consultative referendum.

Complaints 800 nothing

By Our Consumer Affairs

complaints about the Office of Fair Trading from 35,800 in 1976, 41,800 last year, and such complaints in number only about cases.

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Delay in phasing out pay beds expected

By John Roper

Health Services Correspondent

The phasing out of private beds from National Health Service hospitals and the control of facilities for private practice are likely to be slower than envisaged when the Health Services Bill was rushed through Parliament last year by use of the guillotine.

One difficulty facing the board today is that, although its membership was finely balanced by appointing two doctors and two union officials as members, one of the doctors will not be present. Dr Derek Stevenson, recently retired secretary of the British Medical Association, was in the Antipodes when he accepted the appointment and is on holiday.

Today's meeting is a functional one at which such questions as what will constitute a quorum are, I understand, on the agenda.

Changes in law proposed to stop people 'bilking'

By Our Consumer Affairs

Correspondent

Obtaining relief from liability is proposed as a new offence, punishable by a maximum of five years' imprisonment. It would cover, for instance, cases of deception which dishonestly secure being excused part or all of a debt by, for example, telling a false hard-luck story.

It would make it unlawful for a stalling debtor to induce his creditor to wait for payment if his intention is never to make payment.

Helping elderly to understand metric changes

By Our Consumer Affairs

Correspondent

A Metrication Board scheme designed to inform the elderly about the change to metric measurements, was launched yesterday by Mr Fraser.

He said in London research indicated that the elderly feared they would find the change more complicated than any other group of people. They did not need special information, but had said that they could be helped in two ways.

Mustard-gas leak at hospital

By Our Consumer Affairs

Correspondent

Mustard gas leaking from a container brought emergency services to the Royal Earlswood Hospital, Redhill, Surrey, yesterday. Firemen wearing breathing apparatus found the container giving off fumes in a basement.

The hospital was used for civil defence training and the containers have been there for several years. The hospital was not evacuated because of only minimal risk to patients and staff.

Think of your international bank as a secretary

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2. Does she enjoy working late?
3. Can she cope if you take a fishing trip?
4. Does she talk your customers' languages?

If you chose your bank the way you'd choose a secretary, would yours still get the job?

Barclays International has all the right qualifications: we can talk business to your customers and contacts in their own language, in over 70 countries through 1700 branches. Provide the skills and expert advice and

the market intelligence you need. And arrange finance in any currency you care to name.

Like the perfect secretary we're ready and willing to help at a moment's notice. And able, because with 25 specialist international branches in Britain—more than any other bank—we're likely to be closer to you. As well as more aware of the particular problems you may face in your area.

So ask your secretary to put you through to the manager of your nearest branch of Barclays Bank International or contact our International Division at 168 Fenchurch Street, London EC3P 3HP, telephone 01-283 8989, extension 3218.



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HOME NEWS

Police furious after breakdown of Rees talks on pay

By Clive Borrell
Crime Correspondent

Britain's 120,000 policemen are in conflict with the Government after the breakdown of their pay talks with Mr Rees, Home Secretary.

By law the police are not allowed to strike, but when they meet at their delegate conference in Scarborough in May it is expected that a resolution will be passed demanding the right to withdraw their labour. Other resolutions demanding that the Police Federation should be allowed to be affiliated to the TUC are also expected to be passed with an overwhelming majority.

At a meeting in Mr Rees's office in the House of Commons on Tuesday night, which at times became heated and personal, Mr Rees again refused the federation's demand for a 6.6-a-week increase.

He said he was bound by the Government's pay code and could offer no more than a 4 per cent rise. Fringe benefits, such as the federation says were awarded to the seamen when they threatened a national strike, also were ruled out.

Mr James Jardine, chairman of the federation, and his deputations left saying that the Home Secretary had offered less than "would fill a ham sandwich".

Response to the breakdown was fast and forceful throughout Britain yesterday, especially from federation officials.

One said: "The Home Secretary knows that it is against the rules for officers to take on moonlighting jobs outside their normal hours of duty. He would have a fit if he knew that some of our men work in pubs at night as barmen, or

gardeners and window cleaners. Even our senior officers, who know it is wrong, turn a blind eye because they know the men cannot pay their bills without this extra work."

Another said: "We have now arrived at a stage where young officers are leaving the force to join the fire brigade because they can earn more money."

Several officials of the federation said policemen's wives were putting pressure on their husbands to take more lucrative jobs outside the force because they could not manage on their housekeeping money.

Officers up to and including the rank of chief inspector in the City of London force, the last remaining city force in the country and renowned to be the most traditionally conservative, have just voted on the question of whether the police should have the right to strike.

The voting was: For the right, 572; against, 179. Eighty abstained in the 90 per cent poll.

Police in the Thames Valley force have voted by a large majority in favour of the same motion, and officers in a division in a town in the north-west of England have voted with an 80 per cent majority, the same way.

The federation said last night: "The pay code is a voluntary agreement between the unions and the Government. That is why we want more industrial muscle, as there seems no other way we can be respected by those with whom we are negotiating."

"I have not yet heard one officer say that he wants to strike, but there is plenty of evidence now that our members want the right to take industrial action so that someone in Whitehall will take notice of us."

Sir Geoffrey favours gradual tax reform

Proposals for reform of the machinery of taxation and gradual modification of tax rates were put forward at the London School of Economics yesterday by Sir Geoffrey Howe QC, MP, shadow Chancellor of the Exchequer.

He said there could be no jettisoning of the old bringing in the new. The capacity and appetite of ordinary people had been satiated, and a root-and-branch reform of the tax system should be rejected for a more gradual approach.

"We must put our faith into a less complex, though nevertheless far-reaching, modification of the rates of tax. Changes in the framework, particularly if they will simplify administration, should come only after full public consultation."

Sir Geoffrey suggested that "exposure drafts" should be published in advance of any first reading of a Finance Bill, to allow interested parties to make representations. Significant changes to the structure and shape of the tax system should always be foreshadowed by a Green or White Paper or draft Bill. The Conservatives would shortly publish their own consultative documents on the

reform of value-added tax and capital taxation and for the encouragement of employee share-ownership.

Sir Geoffrey said the main budgetary provisions of the Finance Bill could be detached from matters relating to machinery and technically, possibly through an ancillary fiscal Bill.

Hearings about the technical aspects of any Finance Bill might best be achieved by interposing a select committee stage before or after principles had been considered in standing committee, or through a regularly appointed select committee with special responsibility for the tax system.

Sir Geoffrey said a consultative and scrutinizing body, possibly including lay members, could be built on the establishment of a taxation and finance sub-committee of the Expenditure Committee.

"The important concept is that of a permanent parliamentary body with responsibility for the tax system. There is no need why the existence of such a semi-expert committee should preclude conventional debate about the principles of legislation."

No prison for unlawful sexual acts

Two judges decided at the Central Criminal Court yesterday not to send two men to prison for having unlawful sexual intercourse with girls under 16.

Mr Justice Cantley told Nicholas Paul Benham, aged 20, who admitted offences against two girls, aged 15 and 13, that he had decided "after some hesitation" not to send him to prison, and fined him a total of £100.

Mr Justice Lawson conditionally discharged Lionel Hamilton Streete, aged 19, a seaman, of Ruckledge Avenue, Harlesden, who admitted having unlawful intercourse with a girl of 13, who became pregnant.

Mr Philip Singer, for the prosecution, said Mr Benham, an electrician, of Whiteway, Bookham, Surrey, befriended the girl, aged 15, and one night last May offered to walk her home. They had intercourse at a recreation ground, the girl consenting. Six months later they had intercourse again.

Mr Benham had intercourse with the girl aged 13 last November. The girl told her mother, and when questioned by Leatherhead police, Mr Benham admitted the offence. Then he described the incidents.

Mr Benham was fined £25 for the offences against the girl aged 15 and £75 for the offence against the younger one, to be paid by 25 weekly instalments, with three months' imprisonment in default.

The judge told him: "You have a previous good character and were working, and sending you into custody would make a very big difference to your future. So this time, no prison. But you do it again, and see what happens."

In the second case Mr C. Wilson, for the prosecution, said Mr Streete, then 17, met the girl at a fair and an affectionate friendship developed. In August, 1974, she called at his home. They sat on a bed talking, started to kiss and had intercourse. The incident came to light because she had a baby.

Mr Justice Lawson told Mr Streete: "I accept that you probably did not know the law says you must not touch girls under 16 in this way. You now have a responsibility towards this baby and you ought to do something about it."

Mr Streete was fined £25 for the offence against the girl aged 15 and £75 for the offence against the younger one, to be paid by 25 weekly instalments, with three months' imprisonment in default.

Part-time courses urged for jobless school-leavers

By Our Social Services Correspondent

Local education authorities are being urged to provide part-time courses to help unemployed school-leavers to continue their education while remaining available for work.

An administrative memorandum from the Department of Education and Science says leavers taking such courses could still draw supplementary benefit.

More than 60,000 unemployed leavers draw supplementary benefit: £9 a week if they are under 18 and £11.35 if they are 18 or older. Many may be deterred from starting useful

courses for fear of losing their only source of income.

The memorandum makes clear that, so long as they remain available for employment, such youngsters will not lose their benefit. The conditions are that the course is no longer than three days a week, that the claimant and the head of the college accept that the student can leave immediately for work, and that the claimant registers at a careers office or unemployment benefit office.

People who give up employment or abandon a full-time course for a part-time one will not qualify.

Local fishermen, who use hook and line or mid-water trawling, say the scale of their fishing is reasonable enough to conserve mackerel stocks. They maintain, and are backed by the Cornwall Sea Fisheries Committee, that the arrival in the past two years of ships using large-scale fishing methods threatens the stocks.

The newcomers, it is stated, use purse-seine nets, which are used to

Mentmore deadline is fixed at April 5

By Philip Howard

Lord Rosebery said yesterday that the deadline for the Government to accept his new offer to sell Mentmore Towers and its contents to the nation was April 5.

After that date the time limit for valuation for estate duty, the heavy running costs, the great insurance and security costs made necessary by recent publicity, and the need to distribute catalogues would mean that the public auction must go ahead. Because of the estate duty regulations, unless there is an extension of the time limit, the contents of Mentmore must be sold by May 30.

The Department of the Environment is considering a revised offer from Lord Rosebery, received last week, to sell Mentmore Towers, its land, and much of its furniture for about £3m. That is recognised as a generous offer. A professional valuation organized by Save Britain's Heritage, suggested that five of the principal works of art at Mentmore on their own would fetch between £1m and £2m at auction.

However, at a time when public spending is being cut everywhere, the Government is not likely to accept the new offer unless it gets help from a fairly godmother, corporate or private.

Lady Birk, Under-Secretary of State at the Department of the Environment with responsibility for conservation, has said

that the offer will be considered provided a sufficient sum is offered from private sources towards the cost of acquisition and running costs. It is estimated that it would cost £80,000 a year to open the great house to the public, though some of that could be recovered by admission fees, catering, and sales.

Lord Rosebery said he was disturbed by the correspondence in the press about the sale. "The decision to sell was an extremely difficult one to take. I much regret that the Department of the Environment refused the original offer of £3m."

He said Mentmore Towers and its contents represented nine-tenths of the estate he had inherited. Accordingly he was not in a position to give it away, or to give it away and endow it for its future running, as the National Trust would have required. He would have been delighted if the Government had bought it and given it to the National Trust or some other appropriate organization to administer.

If Lord Rosebery's offer is not taken up, and the sale has to go ahead, he will offer the house, a few outstanding works of art and the Marie Antoinette furnishings and furniture from the collection in place of estate duty.

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Parents 'feel uninformed on children's schooling'

By John Grosse
Consumer Affairs Correspondent

Many parents feel that they do not know what goes on in their children's schools, according to a Gallup Poll survey carried out for the National Consumer Council this month.

It shows that 28 per cent of parents felt that they were not told enough about their children's progress and 39 per cent that they were kept in the dark about teaching methods used and subject options offered.

The council is presenting the survey results with two research documents to the Secretary of State for Education and Science today. It says that although 83 per cent of the parents in the poll were satisfied with their children's education, it is disturbing that such a substantial minority should feel ill informed.

In the first research document, *Question Marks for Schools*, the council says that, as consumers, parents and pupils should be able to choose between schools and schools, between differing subjects and methods.

It asks for inspectors' reports on schools to be made public and for independent expert assessments of schools to be available to parents and pupils. It urges local education authorities and teachers' unions to give an "improved assurance" that only teachers of a reasonable competence be recruited and retained.

The other document, *Advice and Consent*, has been prepared in association with groups such as the National Union of School Students and proposes a code of practice to guide relations between the providers of the education service and its consumers. It offers detailed suggestions on how parents and pupils might participate more actively.

The council recognizes that acceptance of the code would place a corresponding obligation on parents and pupils. The documents have been timed for the eve of the beginning of the education service at the start of the new school year.

Charter for parents: A parents' charter demanding more direct involvement and a greater say in education at school, local authority and government level was published yesterday by the Confederation for the Advancement of State Education (FRANCE) and the National Educational Supplementaries (NES).

The charter urges schools to let parents see all records on their children and to consult them over aims, methods, organization and curricula. It calls for a confederation of parents and pupils represented on school managing and governing bodies, and parents co-opted to education committees.

Parents' Charter (Confederation for the Advancement of State Education, 1 Windermere Avenue, Wembley, Middlesex).

Mr Charles Holford, a surgeon at Charing Cross Hospital specializing in thrombo-embolic

Rail steward who sold own tea was not stealing

From Our Correspondent
Holyhead

Costs of £175 were awarded to a British Rail steward yesterday when they dismissed a charge against him of stealing 20p from his employers. The magistrates found that it was not against the law for a steward to provide his own cups of tea or sandwiches for the public.

A detective of the British Transport Police said William Gannon, aged 58, of Holyhead, had served him two cups of tea from a private teapot and not from the approved British Rail cups. The charge was 20p.

Mr Alexander Carlisle, for the defence, said: "It may sound absurd, but it is a steward's job to serve tea and sandwiches on a train, makes sandwiches or provides tea, it is not an offence against the law. He may, however, be committing an offence liable for disciplinary procedures in trade and industry."

Mr Alan Williams, for British Rail, said the submission was an open charter to set up stores on British Rail property.

Appeal ruling: In November, last year, a British Rail steward who was said to have planned to sell his own sandwiches on the Euston to Glasgow train was acquitted by the court. Appeal of a charge of going equipped to cheat. He had been given a nine-month suspended prison sentence in April by Inner London Crown Court.

The Court of Appeal said the prosecution had sought to turn a steward's deviation of contractual duty into a crime.

Average speed of 99.5 mph set by relief train

By a Staff Reporter

A new record for the fastest passenger train journey in Britain was established yesterday between Bristol and London. It was set up by a non-stop relief train which left Temple Meads station at 10.24 am and arrived at Paddington at 11.35 am after covering the 117½ miles at an average of 99.5 mph.

The regular service leaving at 10.30 am stops at Bath and Reading and arrives at 12.07 pm. The new high-speed train, used on the route have reached more than 140 mph during tests but are restricted to a top speed of 125 mph in service.

Hang-gliding 'no more dangerous than racing cars'

By a Staff Reporter

Hang-gliding, the sport in which nine people have been killed in Britain, is no more dangerous than rock climbing, motor racing and pot-bolting, according to a report by the Sports Council published yesterday.

In the report Mr Kenneth Dilw, deputy director of general aviation at the Civil Aviation Authority, says the fatal accident rate is also roughly similar to that in private aviation, gliding and parachuting.

Nearly nine thousand people in Britain are licensed to fly hang-gliders by the end of last year, according to the British Hang-Gliding Association. Between August and December, 1976, after tighter controls had been introduced, only 10 accidents were reported at a time when 1,700 pupils were taught.

Proposal for TV at breakfast

Yorkshire Television is considering morning television from May 1, subject to discussions with the unions and approval by the Independent Broadcasting Authority (our report on p. 10).

The BBC said yesterday that it had no intention of transmitting breakfast-time television.

£14,000 bank raid

A raider fired a revolver shot into the ground at the feet of two security guards at the National Westminster Bank branch in High Street, Teddington, London, yesterday and escaped with £14,000.

Express in collision

Several passengers in a London-Edinburgh express were badly shaken when it collided with a diesel train after overshooting its stop at Darlington, Co Durham, yesterday.

disease, said yesterday that a two-year controlled trial on 100 patients who had undergone surgery showed that the incidence of deep-vein thrombosis was halved in patients wearing the stockings. A trial at the Middlesex Hospital had produced similar results.

The stockings, costing £4.22 a pair, are available only to hospitals. The company says their use could save the National Health Service £50m a year by reducing the time patients occupy hospital beds. They could reduce the 21,000 deaths a year in Britain caused by clots blocking the flow of blood to the lungs.

Stockings may save lives

By John Roper
Health Services Correspondent

Stockings that put finely calculated pressure on different parts of the legs may help to overcome the serious risk, particularly after surgery, of blood clots forming in patients confined to bed.

The stockings, developed in America by the Kendall Company, a subsidiary of Calgates-Palmolive, have been undergoing clinical trials in the United States, Germany and Britain.

Mr Charles Holford, a surgeon at Charing Cross Hospital specializing in thrombo-embolic

WEST EUROPE

Denmark's election victors divided over coalition plan

From Geoffrey Dodd
Copenhagen, Feb 16

Mr Anker Joergensen, the Danish Prime Minister, this afternoon began discussions with parties returned to the Folketing in yesterday's general election to seek out possible combinations for a coalition with his Social Democratic Party. As he did so, the left wing in his own party began to speak out openly against his plans.

The Social Democrats won 12 more seats in the election, giving them a total of 65 in the 179-seat Folketing.

The Liberal Party, which formed the government preceding Mr Joergensen's, lost half their seats and now hold 21. For the first time in many years, the Liberals have been displaced as the second biggest party by the anti-tax Progress Party, which was returned with 26 seats.

The election did not reduce the fractionalism in the Folketing, which now has 11 parties, more than before the dissolution.

The right lost suffered by the left-wing parties and gains made by the Progress Party and others to the right of the Social Democrats, indicate a trend towards the right. The result has brought about a much greater change than opinion polls or the politicians of most parties predicted. Even Mr Joergensen admitted his surprise, although for the first time since he became Prime Minister, the Social Democrats and Liberals do not have enough seats to form a majority coalition.

This combination has never been tried, but it has been proposed with increasing strength in the past four election campaigns as the only way to produce a strong and stable government. Negotiations to form such a coalition broke down after the last election in 1975, mainly because of the rivalry between Mr Joergensen and the Liberal leader, Mr Poul Hartling.

But Mr Joergensen's success has deprived him even of this combination so his new majority Government will have to combine the least desirable parties since the Progress Party is not considered acceptable by the Social Democrats. But policy differences between the available parties can quickly generate tensions, and while Denmark has many three-party coalitions in the past, they have rarely lasted more than half a term. The alternative open to Mr Joergensen could be a continuation of the present minority Government.

He can do this because he did not submit his resignation when he dissolved the Folketing in January. But he declared after his party's big gains were announced that he would resist the resistance of his wing, which he approves of the P's preference for a socialist partner. The Social Democrats' preference for a socialist partner was announced when the g. incomes policy was in effect. The P's parties despite object to the socialist party Social Democratic Party.

During the campaign which the Social leaders sought a supporting the incomes centre of the election. The P's parties, the Social Left still remain side they are beginning their objections to the P's basic policies.

Mr Jens Kampmøller, leader and son of Social Democratic Minister, said today: "I had given the Social a mandate to continue as a minority. I want the Government to be many compromise in the coming years. I want to operate on a basis without our own freedom."

One of the campaign may be sought is calling figure of 2 which is the central the P's policy which the Government supporting parties throughout the election. Danish labour or other demands for collection from March 1, which with the term of it policy. Although demands have not closed, informed sources say they exceed the Government's policy. Negotiations also issued formal strike warning for a conflict in 1978 if agreement is not before then.

The report on the general election carried in the last *Times* was attributed to Press International, and table of official results were in fact pro Associated Press.

Bomb wrecks car of trial lawyer

Düsseldorf, Feb 16.—A petrol bomb attack wrecked the car of a lawyer defending four left-wing extremists charged with blowing up the West German embassy in Stockholm.

A letter said to come from sympathizers of the group later claimed responsibility. The car belonged to Herr Heinz Peters, who was appointed by the court to defend the accused, who are also being defended by lawyers of their own choosing.

Commissioner's offer of EEC subsidy dispute

From David Cross
Brussels, Feb 16

A dispute between the European Parliament and the European Commission, which could conceivably have led to the dismissal of Mr Roy Jenkins, the Commission president, and his colleagues in Brussels, appears to have been resolved to the satisfaction of both sides.

It arose over the Commission's refusal to disclose details of alleged exploitation of EEC farm funds by malt exporters. A confidential report by the Commission's financial control department last year said the Community probably paid out about £30m

Andorra in grip of a political crisis

Madrid, Feb 16.—Pyrenees principal Andorra, under the sovereignty of the President and the Government of Spain, is in a state of political crisis, *Mundo Diario* reports.

The newspaper said the legislature, the General of the Valleys, was in a state of crisis, for the first time since 1970, when a boycott by council Andorra is Vella, the

Danish printers' union fi

From Our Correspondent
Copenhagen, Feb 16

A labour court today fined a Danish printers' union £5,000 and ordered technicians staff to return to work at Berlingske House, headquarters of Denmark's biggest newspaper group.

The conflict has prevented the publication of the leading morning newspaper, *Berlingske Tidende*, and the mass circulation 87 since January 30. A union spokesman said the

ruling, from which the appeal was both unsuccessful and unfair, Union stated Berlingske said they held meetings today morning and readers not expect to see it until next week. The court also fined 1,000 union members for refusing to accept starting times, introduced effort to cut a year's operation loss.

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Mary Debbins
Feb 16
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WEST EUROPE
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A huge effigy of Signor Andreotti, the Italian Prime Minister, dominates the colourful Viareggio carnival procession.

Lawyers say Spanish police are still brutal

From Harry Debelius
Madrid, Feb 16

Nearly 15 months after the death of General Franco, and following a royal pardon and a royal amnesty, there is evidence suggesting that the abuse of authority by Spain's political police.

At least four complaints have been presented before a magistrate in Barcelona in the past few days about alleged police brutality. Other cases are being investigated by Barcelona lawyers involving apparently illegal practices in which police are said to have exceeded even the sweeping authority which they were granted after Madrid's week of terror last month.

Barcelona lawyers said that Señor Isaac Garcia Barba, who was taken into custody on January 30, with about 50 other people who attended a meeting of the National Workers' Confederation, an anarchist trade union movement, is suffering

from two cracked ribs as a result of police "interrogation". When his lawyer tried to visit him he was refused permission by the police.

In another case, a young man is said to be recovering in a Barcelona hospital from a bullet wound inflicted yesterday when police rounded up nine youths who were alleged to have been distributing socialist propaganda, although this report cannot be confirmed.

In at least three recent instances, the police have taken people into custody in one part of Spain and transported them secretly to another part of the country for interrogation. Even under the present legal powers this is illegal, in the opinion of many lawyers.

Among those subjected to this treatment was Señor Diego Delgado, who was arrested in Córdoba and appeared at the Barcelona main police headquarters next morning. He was subsequently freed

OVERSEAS

Mr Carter tells Britain and France he cannot influence New York discussion on Concorde

From Patrick Brogan
Washington, Feb 16

President Carter has informed Mr Callaghan and President Giscard d'Estaing that he cannot direct the Port Authority of New York and New Jersey or the Governors of those states to allow Concorde to land in New York.

He told them that while he would not interfere with the 16-month trial period allowed Concorde by the Ford administration, this would not prejudice his final decision on whether Concorde will be given permanent landing rights.

Mr Carter was replying to personal messages from the Prime Minister and M Giscard d'Estaing last week, asking him to help win landing rights for Concorde in New York.

Mr Jody Powell, the President's spokesman, said this

afternoon that Mr Carter's message indicated that he shared the desire of the two leaders to approach this matter in a way which reflects the close friendship between the countries.

He added, however, that foreigners often failed to understand the American federal system, and might believe that the President could give directions to an organization which in fact depends upon another jurisdiction.

He reminded the press that Mr Carter had regarded the decision a year ago to allow Concorde a trial period as a mistake. This was still the President's position.

However, Mr Carter did not believe it would be right to suspend the trial before it was concluded.

Dulles airport, near Washington, is controlled directly by the Federal Government and

the decision of Mr Colman, the former Transport Secretary, could therefore be applied there immediately.

Kennedy airport in New York belongs to the port authority, which is jointly controlled by the states of New York and New Jersey.

The authority, many New Yorkers and Mr Hugh Carey, the state governor, are unenthusiastic about Concorde. The authority announced that it would not decide whether to allow Concorde into Kennedy airport until after six months' operation into Dulles.

The six months are long past. The authority has postponed taking a decision and now plans to do so at a meeting on March 10.

British Airways and Air France, sued the authority, but have not brought their suit to court. Today they agreed to delay a hearing, evidently in the hope that the March 10

decision will go in their favour. Charles Hargrove writes from Paris: President Carter's message to President Giscard d'Estaing concluded that France and the United States were working together to solve their common problems and expressed the hope that the decision to confirm the trial period would strengthen the close link between the two countries.

After disclosing President Carter's message M Giscard d'Estaing's spokesman added that over the whole range of the problems being studied at present by France and the United States, including the preparation of the international monetary conference in London, the North-South dialogue, and other issues, "the President of the Republic notes the very clear desire of the new American Administration to establish cordial relations with France".

S African prison death brings toll to 19 in year

From Ray Kennedy
Johannesburg, Feb 16

Another police prisoner died today in South Africa, the fourth in 1977.

Police said that Mr R. L. Barber, a middle-aged white, clambered from his cell in Durban central police station in an attempt to escape through the adjoining lavatory. He fell on his head and died before medical help could be given to him. The police said he had been arrested on a domestic maintenance charge.

His death brings to 19 the number of police prisoners who have died in custody since March, 1976. The other 18 were blacks and most were held on security charges.

Yesterday the police said that Mr Matthew Mablane, a black student aged 22, fell 10 floors to his death from a window ledge at Johannesburg's police headquarters in John Vorster Square. He was being interrogated by security police holding him under the Terrorism Act. According to the police, he forced open a window, ran along the 16m-wide ledge and stumbled and fell.

Today his bitter parents said he had been detained since January 27, when he was arrested trying to cross into South Africa from Botswana. Mrs Mabel Mablane said her son was one of many Soweto students who crossed into Botswana at the height of student unrest last year.

She told reporters: "We reported his absence to the police because we wanted him to come back." Mr James Kruger, the Minister of Justice, had announced an amnesty for children who returned to the country. "I feel I should go to John Vorster Square tomorrow and tell them to detain me too and kill me if they want to."

Mrs Mablane said her son was a law-abiding youth who was not interested in politics. His parents had not seen him since he fled to Botswana but later were told by the police he had been detained. They had been refused permission to see him.

Under the terms of the Terrorism Act the authorities are empowered to hold suspects indefinitely without trial and without access to lawyers or anybody else.

No place for PLO at peace talks unless attitude to Israel changes, US says

From Eric Marsden
Jerusalem, Feb 16

As long as the Palestine Liberation Organization stands by its national covenant calling for dismantling of the Jewish state it can play no part in Middle East peace talks, Mr Vance, the United States Secretary of State, said here tonight after a full day of discussion with Israeli leaders.

Mr Vance leaves tomorrow for a tour of Arab states, each of which has expressed interest in accepting the need for PLO representation at any Arab-Israeli conference.

Speaking to the press, Mr Vance said he was "looking towards a Geneva-type conference in the second half of this year". Mr Yigal Allon, the Israeli Foreign Minister also used this phrase. When its significance was questioned, Mr Vance said there was no distinction between it and reference to "the Geneva conference", and added: "You can call it Geneva."

On PLO representation Mr Allon went further than Mr Vance. Asked whether PLO officials would be acceptable to Israel if included in the Jordanian delegation, he said they would not be recognized as part of the delegation but if they abandoned their covenant

"there would be no boycott of them as persons" in Amman, Damascus, Cairo and Riyadh, there are clearly hopes here that Mr Vance will fly back to Israel.

The Secretary of State may return if his talks encourage him to think there is a prospect of negotiating the Geneva conference, or of making progress by some other formula. This may depend on Israel and Arab reactions to the reported American proposal for an overall settlement to be negotiated in advance but carried out in phases.

It is understood Mr Vance told the Israelis that he would await the views of the Arab heads of state in Damascus and Beirut before taking any decision on whether to do so. The dispute caused by the move by Syrian troops into the town of Nabatea near the Israel border.

He also said that a final decision on whether Israel should be supplied with "Cluster" bombs would be taken later by President Carter. He gave no indication that Washington might reconsider its opposition to the planned sale to Ecuador of 24 Israeli-made Kfir interceptor aircraft which incorporate several components

manufactured in the United States.

For Mr Rabin, the visit has already borne fruit. While the two leaders were meeting this morning it was disclosed that Mr Rabin has been invited by President Carter to visit Washington early in March.

The invitation will give needed boost to Mr Rabin's prestige, which has been badly affected by recent scandals, coming a few days before his contest with Shimon Peres, the Defence Minister, for the Labour Party leadership. If Mr Peres should win the party's vote next week, it is possible that he will also be invited to Washington.

Mr Vance's mission has caused a split among Arab mayors in the West Bank. The majority have signed a memorandum to him urging an end to the occupation and calling for the recognition of the Palestine Liberation Organization as the legitimate representative of the Palestinian people. But some of the hardliners—including Ramallah's mayor, Mr Karim Khalaf—though they support these views, have refused to sign as a gesture of protest against United States backing of Israel.

Lebanon disappointed with trade pact with Nine

From Our Own Correspondent
Brussels, Feb 16

The European Community today completed the intricate network of trade, aid and cooperation pacts it has been negotiating with Arab states bordering the Mediterranean by initialling an agreement with Lebanon.

Mr Kesroun Labaki, head of the Lebanese delegation, voiced his disappointment at the modest financial aid package offered. A total of 30m units

of account (about £20m) mostly in the form of loans, did not respond to the reconstruction needs of his country, he said. His government would shortly be submitting a request for special emergency aid to help rebuild the economy.

Like similar agreements already signed with Algeria, Morocco, Tunisia, Egypt, Jordan and Syria, the pact offers duty-free entry to the Community's market for most industrial goods and raw materials.

Area along Botswana border restricted

Salisbury, Feb 16.—The first military restricted area has been created on Rhodesia's southern border with Botswana, official sources said today.

Although such "no-go" areas have been features of north-eastern Mozambique border areas for some time, the new strip of no-mans-land is the first on the Botswana border.

A 15-mile strip of the Shashi tribal trust land along the Botswana border is affected. The move follows the disappearance into Botswana of 400 black students from the

Manama mission school in south-east Rhodesia. Most of the students have gone to Zambia, apparently to train as guerrillas.

The official sources said the creation of the Shashi no-go area also followed complaints by local residents about guerrilla activity in their area. Any unauthorized person in such an area can be shot if he or she fails to answer a challenge.

Four separate rocket and mortar attacks were launched last night from Mozambique against the Rhodesian border post at Vila Salazar, but there were no casualties, a security

forces communiqué said today. But in other incidents, six people were killed, four of them terrorists.

Lagos: Rhodesian Africans are still sceptical of United States-initiated moves over Rhodesia. Mr Robert Mugabe, of the Rhodesian Patriotic Front, said here: "America is still trading with the illegal regime," he said. "Mercenaries are still being recruited by the rebels from America. We have not seen the plan the United States. Until we see it, we will not know what they have in stock."—Agence France-Presse.

aria in Schleswig-Holstein over nuclear plant

ing up for a 'civil war weekend'

van der Vat
16

Germany appears this e succumbing to one e bouts of hysteria all the more remark- n seen against the d of the national dely conduct.

Bonn newspaper its readers are up- posed to have said e storming a railway e order-loving Ger- id first buy a plat- t.

therefore no surprise, al Anzeiger went on, litant communist had sily reported to the i in the Land of Sch- ein his organiza- ion of staging a- tion at the heart y controversial Brok- ar power station, demonstrations at the been marked by a out and ugly confron- tween a tiny minority struators and massive ordons.

Non-violent inevitably got p in some of these d the resulting tele- proved to be power- ing material for both y majority and the minority in the now and-nuclear protest t.

Saturday's demon- against the Brokdorf the movement has two. One, set up by nts, is to be held at itself. The other, y the orderly y of nuclear power will take place in the

nearby town of Itzehoe.

The militant protest, notified as the law requires, to the police as likely to involve up to 10,000 demonstrators, has now been banned on the ground that the authorities fear a breach of the peace. There is every indication that the organizers intend to defy the ban.

Several splinter groups of the fringe left have seen the possibilities from involving themselves with a movement enjoying widespread support. Maoists and Trotskyists have been playing an increasing role and precipitated the split in the movement.

Unidentified intelligence sources in West Germany have been putting it about that the East Germans are actively engaged with finance and encouragement in provoking a clash on Saturday between the police and the protesters. But Herr Manthaler, the federal Research and Technology Minister, has dismissed this out of hand.

The energy on view among the militants would render all outside assistance superfluous. But if the unceasing determination of the militant minority to provoke clashes on Saturday and even sacrifice a few "martyrs" for their cause is disturbing, the preparations of the authorities are no less alarming.

Schleswig-Holstein has asked for police reinforcements from several other Länder and the federal government has placed units of the federal border guard at its disposal.

The attitude of some news-

papers is less than helpful and features frequent use of phrase "civil war" and its derivatives. The normally staid Handelsblatt, the Dusseldorf financial newspaper, carries an article on its front page today, for example, headed, "The state faces a trial of strength—wreckers arm to break the peace." The opening sentence reads: "Civil war threatens in Brokdorf on the Lower Elbe this coming Saturday."

After summarizing the known plans of the militants, the paper goes on to quote "a member of the Bonn Government" as saying: "They want death."

Die Welt of Bonn carries a question and answer interview with the coastal region commander of the border guard on its front page today. The phrasing of the opening question speaks for itself: "The Schleswig-Holstein Land Government expects conditions approximating to civil war at Brokdorf on Saturday. Do you share these fears?" The commander is quoted as saying that he does.

There have been many other examples of this attitude over the past fortnight, more than enough to support the contention that large elements of authority and the press have been affected by hysteria.

Against the rising tide of alarmism must be set the fact that the Germans love to talk to themselves into a crisis in advance. But the mixture being brewed by both sides at Brokdorf is explosively unstable and needs only a single match to set it off.

In Brief

New Soviet map of the Moon

Moscow, Feb 16.—Soviet cartographers have compiled a new large-scale map of the far side of the Moon from photographs taken by a space exploration station, Tass reported.

Detailed pictures taken by the Zond 8 craft, about 685 miles from the "dark side" of the Moon, have made it possible to chart the geological and morphological features of lunar seas and continents, it said.—Reuter.

Nato chief's denial

Reims, Germany, Feb 16.—General Haig, Nato Supreme Commander in Europe, has dismissed Western reports that Warsaw Pact forces could swamp West Germany and reach the Rhine within 48 hours.

Falklands greeting

Port Stanley, Falkland Islands, Feb 16.—Mr Rowlands, Minister of State at the Foreign Office, has arrived here to discuss the colony's future. He was greeted by a crowd chanting "We want to stay British".

Emergency landing

Istanbul, Feb 16.—A British Airways airliner from London, bound for Bahrain with 100 passengers on board, made an emergency landing here after developing engine trouble.

Sex photographs case

Los Angeles, Feb 16.—Henry Wynberg, aged 42, a former friend of Elizabeth Taylor, has pleaded not guilty to being involved in taking sex photographs of four schoolgirls.

National anthem vote

Canberra, Feb 16.—Australians will vote in May for their choice of national anthem between "God Save the Queen", "Advance Australia Fair", "Waltzing Matilda" and "Song of Australia".

Cash settlement hope

Washington, Feb 16.—The United States has received indirect word that Peking is willing to discuss the problem of outstanding financial claims between the two countries.

President's slanderer

Seoul, Feb 16.—Mr Kang Moon Bong, a former member of the Korean National Assembly, has been jailed for 10 years for graft and slandering President Park Chung Hee.

Conveyancer lift trucks mean money for Britain.

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afi strike stumps the Germans

Own Correspondent
16

reconnaissance of the ies of an all-British dispute in the heart Rhine-Westphalia has i the West German bow out in favour of rmy redcaps.

rike by some Naafi shop and club managers has been going on for three weeks. It was set off by the dismissal of Mr Bill Ingram, a club manager who is also the secretary of the coordinating committee of ASTMS for Naafi in West Germany.

A Naafi spokesman said he had been discharged for alleged inability to maintain harmonious relations with his customers. Mr Ingram and his wife ran the junior ranks' club at a barracks in Soest. But the Ingram case is only

the outermost layer of this particular onion. ASTMS is also campaigning for official recognition of its right to represent Naafi shop and club managers in West Germany as well as for Mr Ingram's reinstatement.

Nor is even the whole story. Mr Terry Comerford, an ASTMS organizer based in London who was in West Germany this week to investigate, complained of unofficial social facilities set up by soldiers in "opposition" to Naafi clubs.

Mr Comerford said that although Naafi had a virtual monopoly of shop and club facilities for British troops, these "splinter clubs" were taking money away from Naafi clubs. Since managers' salaries were partly dependent on turnover achieved, ASTMS members' pay was being affected adversely.

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4.10 (4.13) KILFANE MURDLE (Har-
scape): \$1,379; 2nd m.
Rossby, b g. by Canibay—Rose

Sir Harold v 'Joe': is it really a question of a wrong kind of loyalty?

"My present life is complete!" out of the now nothing more at my now than I realize.

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Of Mr Haines's
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"My present life is complete!" out of the now nothing more at my now than I realize.

retired and happy. I spend most of my time with my father."

[illegible]



LOSS TO THE GOVERNMENT

ow seems certain that Mr. Leavis will not be able to do his work as Foreign Secretary. He is a major loss to the Government. Although he is only Foreign Secretary for a short time, his high intelligence and growing mastery of the subject matter were winning him respect. It was in that respect that he should transfer to the Exchequer later in the year. We would be doubtful of his economic policy in the present situation, but his respect for the subject matter has been already long.

Mr. Leavis is also a great loss to the Labour Party. He did not take up every issue that they championed, but his life was given to the cause of the moderate and the traditional. With the death of Mr. Croxall and the loss of a few months, the Government have lost two of its major figures. Mr. Leavis is a personal team. It is inevitable that the Prime Minister should appoint a new Secretary quite soon, though he is rightly concerned with the family. The decision will be whether to appoint Mr. Bailey now, or to some other of the interim government. Mr. Bailey is a good negotiator with the Budget, and his presence is a success. Mr. Bailey has been a success as Minister of the Foreign Office.

Mr. Leavis is what the Exchequer needs. He is a very temperate man. He is round about the work he is doing. He is the other hand that would inherit a

Budget, and negotiations for an incomes policy, on which he would not have worked. It is certainly important that there should be a strong Foreign Secretary to act in Europe as President of the Council of Ministers, and it is also desirable that a new Chancellor should be acting on his own decisions rather than Mr. Leavis's. There are several possible Chancellors: Mr. Dell, Mr. Shore, Mr. Varley, Mr. Merlyn Rees and Mrs. Shirley Williams all have a claim; there may be others.

A Chancellor has to satisfy a number of different and difficult audiences. He has to be able to maintain the Treasury position in the Cabinet, and in official Whitehall. He has to keep the confidence of the business community both at home and abroad. He has to be able to work with the trade unions. He has to have influence in the Labour Party, particularly in Parliament, and he has to be able to generate support for the Labour Party in the country. Some of the possible Chancellors are obviously stronger with some audiences than with others.

Mr. Dell, for instance, would command the confidence of the business community and of senior officials in Whitehall; he would be good for sterling and he might be applauded by *The Times*, but his doubtful whether his position in the Labour Party is strong enough. Mr. Varley is stronger in the Labour Party, and acceptable in most areas, but he has limited experience of the subject matter and might not be technically convincing in the Cabinet or in the House of Commons.

Mr. Shore is a much better Minister than people think, but he would not be personally reassuring to the general public

and his left wing reputation would not be reassuring to the business community. Mr. Merlyn Rees has the advantage of having the personal confidence of the Prime Minister; he is a good and able man, but perhaps without that extra quality of intellectual initiative which a strong Chancellor requires. In any case he has only recently moved to the Home Office.

Mrs. Shirley Williams has also moved recently, to the Ministry of Education, and the Labour Government have had too many Ministers of Education in too short a time. She would be well received by all the major constituencies to which a Labour Chancellor has to appeal except for the left wing of the Labour Party; even there she is liked though there is disagreement with her views. She has a good intellectual grasp of economic issues. If the Prime Minister were thinking in electoral terms the appointment of Mrs. Williams might give him a Chancellor with strong appeal to the electorate, counterbalancing to some extent the loyalty many women voters feel for Mrs. Thatcher.

It is doubtful, however, whether the Prime Minister is at present thinking in electoral terms, and he may well be inclined to play the safe card. The safe card would be Mr. Merlyn Rees; a somewhat less safe card would be Mr. Varley.

It is sad that these considerations should have to intrude into a period when the whole country, and particularly its close colleagues, are thinking with such sympathy and sadness about Mr. Croxall in his severe illness. There is universal sympathy for him and for Mrs. Croxall, who had made with her husband one of the strongest and most heartwarming of political marriages.

PRIVILEGE AND NOT A RIGHT

ome Secretary's decision to deprive a man of his liberty is a decision which it may sometimes be reasonable to take on grounds that are less certain than would satisfy a court. There is also the consideration that if any nation is to preserve its own security it cannot always supply in detail the reasons why it suspects an alien of undermining it, either to the person himself or to the general public. That is especially true in an age when urban terrorism is becoming an increasingly familiar and dangerous phenomenon. Any society is entitled to protect itself against a threat which is thought to be posed by an alien in its midst—not by persecuting him but by requiring him to leave if necessary.

This means that Ministers should have a degree of administrative discretion in such matters. Whether it is exercised appropriately in particular instances cannot be sure without knowing the facts. But from cases there is no indication that it has been used unreasonably. If an alien becomes involved at all with the security forces of another power he is inevitably running the risk of making himself unwelcome. But if Ministers must have discretion, should that discretion be unfettered? That is a more difficult question. There is always the danger of abuse, and it was as a safeguard against that that the present appeals procedure was set up.

But there is the considerable risk of creating more grievances than are settled by importing a quasi-judicial arrangement into a discretionary system. The person concerned may feel that he is taking part in a charade.

There are two objections to the present appeals procedure in security cases. The first is that there is no requirement that the judgment of the Home Office advisory committee should be made public. In this case it has not been officially disclosed and it seems there is no intention of doing so. That is wrong. Even though the findings are only advisory they should be made known. Secondly, the representations made by the person in danger of deportation, which is bound to be unsatisfactory when he may not know the precise charges against him.

It would be much better for the advisory committee to have the obligation to satisfy itself on two grounds: that the Home Secretary has acted in good faith and that the exercise of his discretion has not been unreasonable. That would provide some check against the arbitrary use of administrative power without encouraging the pretence that this is in any sense a court or quasi-court. That would go some way to meet a justifiable sense of unease, but it will never be possible to avoid criticism whenever this power is used. In a country that values the rule of law that is itself a useful safeguard.

SOMETIMES IT IS RIGHT TO BEHAVE BADLY

desire of Britain's partners in the EEC to see a devaluation of the green pound is understandable, but it ought to be for the moment. It is understandable because it is illogical that our currency should be assumed to have an exchange rate, some 10 per cent higher than that in the free market, which would only in calculating the agricultural policy. At the moment, the arguments for continuing to resist a devaluation of the pound are intellectual and this is just as true as Community as a whole. The special national interest of the United Kingdom is in the of a battle against inflation is of vital concern to every country.

It will be a little difficult this year by the increase in food prices are necessary under the terms of the Community. These are, which will bring British in line with those for Community as a whole, are to add two per cent to prices, a heavy enough for consumers to bear. It is, however, it seems they will have to pay more.

The Commission is proposing another increase in farm prices this year, which will add further to costs in Britain. To devalue the green pound would push up food prices still further, and would make considerably harder the task of the Government in trying to bring about the kind of price stability which is necessary to ensure that sterling will be strong in the future.

That is the short-term argument for maintaining the green pound at its present rate. There is, however, a more long-term argument which is even stronger. Since the CAP was formulated, its defects have been apparent to all informed commentators. It encourages the build-up of surplus production, it is failed to give sufficient impetus to the much-needed reform of the structure of farming in Europe and it has not achieved its social goal of guaranteeing a high standard of living to small farmers.

These defects have often been discussed and the need for action to solve them has commanded widespread assent. There has not, however, been the kind of concrete action needed to bring about changes. Those who do well out of the system have found their sufficed to say no to the idea of change for it to be put off for another year.

That ought not to be allowed to happen for another year, but it may well be. The existence of the absurdities of the present system of currency arrangements does, however, provide those in favour of reform with both a bargaining counter and an intellectual framework for arguing their case.

It is a bargaining counter because Britain, as the country which has most to gain from reform of the system, is also the country which is currently doing best from the subsidies being paid out as monetary compensation amount. The £500m or so which we receive each year ought to be a warning to some of our partners that the policy is now so much of a lottery that it is increasingly difficult to be sure who will end up net beneficiaries. If we are to give up this compensation we ought to get something in return.

It is a help in the intellectual debate because it shows up the inadequacy of a system in which a "common market" is preserved by erecting barriers between countries. The creation of the Common Agricultural Policy was a milestone in the building of the EEC, its reform will be another. That reform will be brought closer by the British Government standing firm on the parity of the green pound.

Publication poll
Mrs Winifred M. Ewing, MP for Nairn (Scottish Labour) said the referendum on entry to the Common Market was a vote of confidence in the results of the System 3 poll.

published in our columns earlier this week (*The Times*, February 17) showed two sets of every three voters for the vote down the devaluation. This was published in the newspaper and throughout the media as "One in three Scots vote against devaluation".

Moreover you did not inform your readers that the poll (according to the same poll) now the most

popular in Scotland. Our support is steadily increasing month by month because time is on our side. A majority of the under-35s support my party. They know that independence and independence alone will give them and their children a glittering future under a fair and compassionate SNP government.

Yours for Scotland,
WINNIE EWING,
House of Commons.

High cost of rail commuting

From the Chairman of British Railways Board
Sir, The letters from Mr. H. C. Leavis Foster and Mr. E. C. Hallett (February 15) go right to the heart of the problem of rail commuting in London and the South East. The Government's Green Paper on transport stated that the Government wished to see the level of support for railways in this sector eliminated for outer suburban services and held level for inner London services. This means a substantial reduction year by year in the level of support now given to services in London and the South East.

In our response to the Green Paper (An Opportunity for Change), we outlined the measures by which this financial objective could be met. Productivity and "good housekeeping" can certainly play a part in containing support costs, but because of the very high cost of the peak services into and out of London, the only way that the Government's financial target can be fully achieved is by a policy of annual "real" fares increases for peak travel above the level of inflation for at least the next four to five years. This real increase will need to be of the order of 71 per cent per year.

Because such a policy will inevitably lead to large numbers of people ceasing to use rail for peak travel and to from work—our first estimate that some 60,000 people per day will cease to travel—we believe that very real social problems are raised for those affected and that, indeed, high alternative costs will be created on the roads to meet the congestion caused by the switch from rail to road. These are social issues which can only be weighed by Government. We have spelled out quite clearly in An Opportunity for Change that the decision to go this way can only be made after full consideration of all the issues. But there has been the time for all of us concerned to explore the far-reaching consequences at stake. This clearly will be one of the most important questions facing the Government in the forthcoming presentation of the White Paper on transport.

Yours faithfully,
PETER PARKER, Chairman,
British Railways Board,
222 Marylebone Road, NW1,
February 15.

Canterbury and Rome

From Mr. David Crane
Sir, I cannot be the only reader stopped in his tracks by the brilliant Laurence Bright's reply (February 11) to Mrs. Rusk's letter (February 8). Whatever the new theology has taught him it has not taught him humility; whatever it has taught him it has not taught him to preserve and respect the traditional faith of his Church.

I am puzzled to know why he should wish to remain a Catholic, to continue to associate with those of us who, though not burdened with anything so Protestant as sounding as belief in Jesus, try to be faithful disciples of Christ on earth and hope to be received into the company of saints in heaven.

Yours faithfully,
DAVID CRANE,
11 Springfield Avenue,
North End,
Dorchester,
February 11.

Colonel Sammy Lohan

From Colonel L. G. Lohan
Sir, Your correspondent, Peter Godfrey (February 10) was off course in saying that I was dismissed from my job as Secretary of the D-Notice Committee.

Against the wise advice of the Secretary of the Institution of Professional Civil Servants and despite loyal support from friends, I resigned. I was appalled by the reckless destruction of the good will of the D-Notices depended; and I was sickened by the backstage intrigue. In my letter of resignation I said that I had been slandered out of business.

I have been in the superb Telisike Hospital, Truro, or I should have written earlier.

Yours faithfully,
SAMMY LOHAN,
Villa Pendahan,
Penpol,
Devoran,
Truro,
Cornwall,
February 15.

Rockall

From Mr. Seton Gordon
Sir, The new importance of Rockall, that tiny island, rather more than 90 miles beyond lonely St. Kilda, brings back to my memory an exciting day shortly after the end of the Second World War, when with the help of a small Sunderland flying boat in Portree Bay in the Isle of Skye, and two hours later, after a short aerial visit to St. Kilda, found myself looking down upon an island which seemed no larger than a small ship.

As we made our first run over the island many kittiwake gulls flew out from the rock. At that time there was much discussion on whether the great Atlantic waves swept over its summit, 73 feet above the sea, thus preventing any bird from nesting on the island.

We made seven runs over Rockall, and after the first runs very few birds remained on the ledges—but a few gulls would not move, and it was obvious they were brooding on eggs or chicks.

The *Times* published an article of mine at the time under the name "The Lonely Island". A good many years afterwards, my old friend James Fisher, the distinguished writer and ornithologist, was able to make a landing on Rockall, but it was autumn and the nesting season was over.

Britain now claims the rock but it is now of infinitely greater value because of oil and Elre is asserting her claim to Rockall and its surrounding seas.

I am, etc.
SETON GORDON,
Upper Duntulim, Isle of Skye.

Parole and public opinion

From Lord Hunt
Sir, In his article of today's date (February 15), Mr. Bernard Levin has entered the lists in the predictable furor over the release on parole of Anna Mendelson, in the presence of the Home Secretary's decision. I have great confidence in the experience and judgment of the current Parole Board under Sir Louis Perch, guided by criteria which have stood the test of nine years, in making decisions to parole thousands of prisoners since 1968. I therefore respect the decision of the Home Secretary to accept the Board's recommendation in this case.

But Mr. Levin goes on to say: "public horror at their crimes should play a part in parole decisions, but the fear it does". Believing this opinion to be capable of creating misapprehension, I would like to comment on it. It is right that there should be a sense of public outrage when a crime is committed, such as those in which Miss Mendelson took part. It may not be right to extend this sense of outrage to a decision to vary the sentence on the offender to conditional release under supervision at a certain point in time; but it is certainly proper that the Parole Board and the Home Secretary should take that possible reaction fully into account before granting parole. To ignore it would be to risk losing public confidence in the process, and to create pressures for its restriction as an important agent in promoting a more enlightened and effective penal system.

This is an area in which public opinion bearing on a major political decision and, in the future, public interest, must be placed in the balance against that of an individual offender.

Yours truly,
JOHN HUNT,
House of Lords,
February 15.

From Mr. J. Maxwell Brownjohn
Sir, Wise or not, the release of Miss Mendelson, after serving so small a proportion of her sentence, raises a simple but psychologically important point. Our penal system would seem less nonsensical to the general public were sentences to be pitched lower and the time deducted from them by way of parole or remission similarly reduced to a proportion which, while still providing an incentive to reform and good behaviour, bore some reasonable relationship to the term originally imposed.

I venture to say that, had Miss Mendelson been sentenced to six years' imprisonment and paroled after serving four-and-a-half, or 75 per cent of her term, few voices would now be raised in dissent. Yours faithfully,
J. MAXWELL BROWNJOHN,
Orchard House,
Marshall,
Sturminster Newton,
Dorset,
February 15.

From Sir Anthony Meyer, MP for Fins, West (Conservative)
Sir, The Parole Board may well be right to recommend that Miss Anna Mendelson be set free, though neither Parliament nor public has been given any evidence on which to judge the case. In some parts of London, roughly one in three factories stands idle. Redevelopment continues to eliminate residential and working communities though acres of wasteland remain unused. If we ask why these opportunities are not taken up, three blockages stand out. The first is that planning tends to focus on achieving a desirable end state, built to the highest standards, and thus neglects opportunities for making immediate improvements. The second is that large institutions, both private and public, which dominate much of our lives, tend to operate through policies and procedures which are both inflexible and hard to coordinate. The third is that the market price tends to be based on the highest values ever obtained, and to incorporate a kind of ratchet which stops prices falling until all resources are fully used.

The inner city

From Mr. Nicholas Falk
Sir, Peter Shore's statement at the Bristol conference on the inner city (The *Times*, February 10) reveals that the needs of our cities have long last become causes for national concern. The question now arises of what value to place on inner areas, where most of the problems are concentrated.

So long as we talk in terms of needs and problems, we will make little progress. A more constructive approach is to look at the inner city as a set of opportunities and resources. The key question is then: how can we rebuild our cities as fully utilized?

The most remarkable thing about most inner areas is the waste of the very resources they need for their recovery. For example, while space is a premium in some parts of London, roughly one in three factories stands idle. Redevelopment continues to eliminate residential and working communities though acres of wasteland remain unused. If we ask why these opportunities are not taken up, three blockages stand out. The first is that planning tends to focus on achieving a desirable end state, built to the highest standards, and thus neglects opportunities for making immediate improvements. The second is that large institutions, both private and public, which dominate much of our lives, tend to operate through policies and procedures which are both inflexible and hard to coordinate. The third is that the market price tends to be based on the highest values ever obtained, and to incorporate a kind of ratchet which stops prices falling until all resources are fully used.

Britain and terrorism

From Mr. Graham Zelikoff
Sir, It is all very well for the British Government to adopt a righteous attitude over Ireland's failure to sign the European Convention on the Suppression of Terrorism. Whether the constitutional obstacle is the genuine reason or not, as I am sure Ireland is being open in her refusal to sign, Britain, however, signed with alacrity but ratification must await amendment to the Extradition Act 1870 and the Backing of Warrants (Republic of Ireland) Act 1965. Until there is some firm evidence that amending legislation is imminent, our signature is meaningless, and we are in no position to assume superior airs.

Yours faithfully,
GRAHAM ZELIKOFF,
Faculty of Laws,
Queen Mary College,
University of London,
Mile End Road, E1.

Higher fees for foreign students

From Mr. Roger Alford
Sir, The Vice-Chancellor of the University of York (February 15) quotes the increase in university tuition fees as being of the "massive" size of +36 to +312 per cent. These increases are less dramatic when we remember that the full cost of providing university tuition for a student is perhaps in the region of £2,000 per annum and upwards (and I am well enough aware of the difficulties in establishing any precise figures). The fee increases can then be seen to represent a fairly small reduction in the subsidy to overseas undergraduates of 15 per cent or less, and to overseas postgraduates of 26 per cent or less. Even after these reductions the subsidies still represent a substantial annual gift from United Kingdom taxpayers to overseas students.

The Vice-Chancellor's letter shows how an unrealistic level of fees leads to unrealistic attitudes. Another example is the claim by some overseas students that they should be no discrimination in fees between United Kingdom and overseas students; but if these fees are not at an economic level, non-discrimination between students means marked discrimination between United Kingdom and overseas taxpayers, something overseas students do not seem to feel so strongly about. The United Kingdom taxpayer is under no duty to give these large subsidies, particularly to largely self-selected students, and in my judgment he is becoming increasingly unwilling to accept this expensive and often thankless burden.

Yours, etc.
ROGER ALFORD,
Cassell Reader in Economics,
The Law School, Economics
and Political Science,
Houghton Street, WC2,
February 15.

From Professor R. A. Weale
Sir, The letter on student fees by the Vice-Chancellor of York (February 15) re-emphasizes that no rational discussion appears to have taken place on the relative costs of domestic and visiting students respectively.

Admittedly, the problem is bedevilled by the xenophobia that raises its ugly head in hard times even in a relatively civilized social fabric. But the fact remains that the economics of educating the two groups of students are very different, and equity does not necessarily stand on the equally long legs of similar fees.

Like all education in this country, university education is supported both by rate and tax payers. In general the parents of visiting students make no contribution to this subsidy. It may be argued validly that rate and tax payers should contribute to education as this is a long-term investment, like the proverbial planting of trees. Presumably, then, the curious are made elsewhere. If visiting students seek their education in this country—either because it is good or cheap or both—then the investment demands in their homes must be correspondingly lower. It seems to me ungrateful of parents correspondingly saved resources should not be directed to where the investment is made for their benefit.

Where special considerations apply, and if charity can be afforded, there may be a case for avoiding fee differences. Otherwise, however, it could be said that equal fees discriminate against domestic students in general, and the tax payer in particular.

Yours very truly,
R. A. WEALE, Director,
Department of Visual Science,
Faculty of Science, Technology,
University of London,
Judd Street, WC1,
February 15.

From Professor G. W. Ribbans
Sir, As admirers of Bernard Levin will have been dismayed at the uncharacteristic insularity revealed in his well deserved tribute to the Penguin Classics (February 8, 1977). The remark that "there simply cannot be very many more works to be translated into English which are truly of international fame and appeal" displays astounding arrogance and self satisfaction about the literature of the non-English-speaking world.

Among the works already published which are deemed essential for the library of any civilized man is Galdos's *Fortunata and Jacinta*. Mr. Levin is of course entitled to his view, but fortunately he has much contemporary critical opinion against him, including Pamela Hansford Johnson, who has recently (*Times Literary Supplement*, January 21, 1977) given Galdos as choice of the most underrated writer. On the evidence of *Fortunata and The Disinherited*, also recently translated, she concludes that Galdos is "worthy to stand in the first half dozen of European writers of all time".

Yours, etc.
GEOFFREY RIBBANS,
Head of Department,
School of Hispanic Studies,
Modern Languages Building,
The University of Liverpool,
PO Box 147,
Liverpool.

Keats and claret

From Mr. Reginald Maundling, MP for Chipping Barnet (Conservative)
Sir, Gold Food Guide (your issue February 12), describes Keats as a claret lover. Is this really true? His taste in wine was always mystified me, since he appeared to favour sparkling red wines, an oddity to say the least. Certainly his draught of vintage was to taste of Provence (he would have warmed to Monsieur Thibault). But how about the "beaded bubble winking at the brim and purple stained mouth"? Surely there never has been a sparkling claret, despite the legend about Chateau Carbonneux?

Yours faithfully,
REGINALD MAUNDLING,
9 Clunie House,
Hans Place,
February 14.

Letters to the Editor

February 15, does he mention the word deterrence?

Since there is to be no death penalty for terrorist crimes, it is essential to maintain the deterrent effect of a credible prison sentence. Most would-be terrorists believe that, even if they are caught and sentenced, they will serve only a very small part of their sentence. Miss Mendelson's release will confirm them in that belief. Therefore, however much she may have deserved release on personal grounds, she should have been made aware of the difficulties in establishing any precise figures). The fee increases can then be seen to represent a fairly small reduction in the subsidy to overseas undergraduates of 15 per cent or less, and to overseas postgraduates of 26 per cent or less. Even after these reductions the subsidies still represent a substantial annual gift from United Kingdom taxpayers to overseas students.

The Vice-Chancellor's letter shows how an unrealistic level of fees leads to unrealistic attitudes. Another example is the claim by some overseas students that they should be no discrimination in fees between United Kingdom and overseas students; but if these fees are not at an economic level, non-discrimination between students means marked discrimination between United Kingdom and overseas taxpayers, something overseas students do not seem to feel so strongly about. The United Kingdom taxpayer is under no duty to give these large subsidies, particularly to largely self-selected students, and in my judgment he is becoming increasingly unwilling to accept this expensive and often thankless burden.

Yours, etc.
ROGER ALFORD,
Cassell Reader in Economics,
The Law School, Economics
and Political Science,
Houghton Street, WC2,
February 15.

From Professor R. A. Weale
Sir, The letter on student fees by the Vice-Chancellor of York (February 15) re-emphasizes that no rational discussion appears to have taken place on the relative costs of domestic and visiting students respectively.

Admittedly, the problem is bedevilled by the xenophobia that raises its ugly head in hard times even in a relatively civilized social fabric. But the fact remains that the economics of educating the two groups of students are very different, and equity does not necessarily stand on the equally long legs of similar fees.

Like all education in this country, university education is supported both by rate and tax payers. In general the parents of visiting students make no contribution to this subsidy. It may be argued validly that rate and tax payers should contribute to education as this is a long-term investment, like the proverbial planting of trees. Presumably, then, the curious are made elsewhere. If visiting students seek their education in this country—either because it is good or cheap or both—then the investment demands in their homes must be correspondingly lower. It seems to me ungrateful of parents correspondingly saved resources should not be directed to where the investment is made for their benefit.

Where special considerations apply, and if charity can be afforded, there may be a case for avoiding fee differences. Otherwise, however, it could be said that equal fees discriminate against domestic students in general, and the tax payer in particular.

Yours very truly,
R. A. WEALE, Director,
Department of Visual Science,
Faculty of Science, Technology,
University of London,
Judd Street, WC1,
February 15.

From Professor G. W. Ribbans
Sir, As admirers of Bernard Levin will have been dismayed at the uncharacteristic insularity revealed in his well deserved tribute to the Penguin Classics (February 8, 1977). The remark that "there simply cannot be very many more works to be translated into English which are truly of international fame and appeal" displays astounding arrogance and self satisfaction about the literature of the non-English-speaking world.

Among the works already published which are deemed essential for the library of any civilized man is Galdos's *Fortunata and Jacinta*. Mr. Levin is of course entitled to his view, but fortunately he has much contemporary critical opinion against him, including Pamela Hansford Johnson, who has recently (*Times Literary Supplement*, January 21, 1977) given Galdos as choice of the most underrated writer. On the evidence of *Fortunata and The Disinherited*, also recently translated, she concludes that Galdos is "worthy to stand in the first half dozen of European writers of all time".

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Yours faithfully,
REGINALD MAUNDLING,
9 Clunie House,
Hans Place,
February 14.

JCR
Computers & Terminals
4200 Markham Road, Scarborough, Ont.

THE TIMES BUSINESS NEWS

LAING
LOCAL
OR NATIONAL
CONSTRUCTION SERVICE

Rider prices and earnings gap underlines social contract strain

By Blake

As the new round of wage negotiations for manual workers in all industries and services and for average earnings of all employees in all industries and services covered by the monthly earnings inquiry released by the Department of Employment.

WAGES

The following are the index numbers for basic rates of wages for all manual workers in all industries and services and for average earnings of all employees in all industries and services covered by the monthly earnings inquiry released by the Department of Employment.

	(1) Monthly rate (July 21 1972 =100)	(2) Average earnings (Jan 1972 =100)	% Change in (2) over 3 months
1976			
Jan	202.1	248.3	15.9
Feb	206.4	250.0	15.6
March	207.9	254.4	10.6
April	210.1	255.0	11.2
May	211.7	259.6	16.3
June	216.6	261.2	11.1
July	219.0	263.1	13.3
Aug	219.1	267.2	12.2
Sept	219.2	268.1	12.0
Oct	219.5	269.3	8.0
Nov	220.7	272.2	7.7
Dec	221.5	277.3	17.9
1977			
Jan p	223.5	n/a	n/a

Figures underline the strain to which the policy to be subjected during months.

Wages increase by only per cent or so which is to be allowed by the then living standards have to fall very much.

The inflation rate during the first half of the year is estimated to fall below an average of 15 per cent.

Wages rose sharply by 17 per cent, but some of this may have been caused by the effect of Christmas payments. It is an economic statistics at that both industrial and trade prices are thought to have risen by the long break, but wages are to have increased by 17 per cent.

Of that, it would be to jump to the limit on pay between the Trades Congress and the Government last summer are not served. The autumn winter often see a rise in earnings by far slower growth in second half of the year.

Also important to note with the increases in recorded, average did not keep pace with during the 12 months end of December and gap was widening.

The measure of this real purchasing power difference between the earnings index and the retail price index during the 12 months, at 2.1 per cent in 1976 and 3.3 per cent in 1977.

The increase in the price of the pound feeds will tend to increase further unless earnings are kept in line.

ph this will continue growing pressure on wages of the pay policy,

Insurance Bill eases membership provisions

By Stephen Goodwin

Parliamentary Staff

The Commons standing committee considering the Insurance Brokers (Registration) Bill yesterday accepted a redrafting of perhaps the most controversial aspect of the Bill.

In doing so it largely dispelled fears that insurance brokers might become a "closed shop".

Main purpose of the Bill is the registration of insurance brokers, protecting the public by ensuring that the competence and conduct of brokers are sufficiently high and that their financial resources are adequate.

It establishes an Insurance Brokers Registration Council, but there has been disagreement over a clause dealing with qualifications for registration.

Now that clause has been removed in favour of more liberal provisions.

Mr John Page, Conservative MP for Harrow, West, the Bill's main sponsor, explained that the redrafting took account of amendments put down by the old clause and the views of interested bodies.

Mr Robert McCrindle, Conservative MP for Brentwood and Congar and parliamentary consultant to the British Insurance Brokers Association, said the Bill embodied a dual requirement: to encourage the public to put their insurance affairs into the hands of the people who could truly look after them and to prevent a closed shop.

The whole purpose of the new clause is to introduce a greater degree of elasticity into the criteria as to who can or cannot be described as an insurance broker, but not to introduce such elasticity as to affect standards or the trust by the public.

Mr McCrindle added that the number the net would exclude was no greater in his opinion than the number that should be excluded in the public interest.

Mr Clinton Davis, Under Secretary of Trade, said he would reserve the Government's position. It had assisted Mr Page in producing his draft but time was needed to reflect on and see whether, having come to a decision about the draft, it was absolutely right.

Mr Page has enabled people to be given access to the register who are not only employees of insurance companies but also those in other occupations who may have acquired skills and experience in the insurance business.

Mr Page had explained that the new provisions would cover individuals who had gained practical experience of insurance outside the insurance world. For example, they might have been handling clients' insurance business in banks or firms of chartered accountants.

Accountants ready to accept tribunal

By Christopher Wilkins

The Institute of Chartered Accountants is now prepared to accept in principle that a statutory body should be set up as the ultimate tribunal for considering complaints brought against accountants.

It is preparing draft proposals for submission to the Cross Committee, which has been set up to review investigatory and disciplinary procedures of the principal British accountancy bodies.

The committee last October followed a series of incidents in which the competence and independence of accountants was called into question.

The proposals have yet to be submitted to the institute's own council, but the broad outlines of a standard investigatory procedure covering complaints have been formulated.

The institute's objective appears to be to preserve a considerable degree of self-supervision while introducing some non-accountants into the process.

It is felt that non-accountants should be involved if the new procedure is to be acceptable to the present the institute has an established procedure for taking up complaints where there is a clear case of error on the part of a member accountant.

But it is not equipped to look into cases where questions of poor judgment arise.

It is now proposing that an investigatory body, comprising members of the profession, should be set up to look into such complaints and decide whether a prima facie case of sufficient importance exists to merit further consideration.

If it decides there is no case, the complainant would have the right to appeal to an independent assessor, probably a distinguished lawyer, who would have the power to refer the matter back to the investigatory body with instructions to look into it.

The issue would then go to a new statutory tribunal made up of members of the accountancy profession—the institute would like to see them in a majority—and some outsiders, with a lawyer as chairman.

CBI chief receives mandate for Dell talks

By Malcolm Brown

Mr John Methven, director general of the Confederation of British Industry, was given a mandate by the CBI's Grand Council yesterday to begin discussions with Mr Dell, Secretary of State for Trade, on worker participation below board level.

This followed an invitation on Tuesday from the Prime Minister to undertake such talks. Mr Callaghan made the offer after the CBI team had made it clear that employers had several "sticking points" on the participation issue from which they would not budge.

These were: the imposition by law of union nominated directors to company boards; parity of representation for union nominated and shareholder elected directors; and trade union monopoly in the choice of workers' directors.

After yesterday's council meeting, Lord Watkinson, president of the CBI, said that his understanding was that the Government was still committed to legislation on participation, but it was his impression that the expected White Paper would come "later rather than sooner".

From the confederation's point of view, the employer Budget proposals to him. Yesterday, the council had before it a paper urging modification to personal tax which would cost £1,900m in 1977-78 and tax relief provision for losses on company foreign currency borrowing which would cost about £100m. Several changes were made to this draft.

There was a more restrained showing from gilt, even though most went ahead on sterling and the renewed hope of lower interest rates. Short dates gained up to half a point, medium one-quarter to three-eighths, and the long end of the range was between one-eighth and one-quarter better.

Shares recovery wipes out Monday's losses

By David Mott

Although most business was crowded into the first hour and a half, shares had another good session on the London stock market yesterday and Monday's losses have been recovered.

The FT 30-share index closed 9.1 ahead at 385.2, making a two-day rise of almost 19 points and leaving it 3.7 ahead of the level at the end of last week.

Dealers said that early trading was a continuation of the previous day's combination of "bear closing and more importantly, cheap buying."

Settling's better showing helped sentiment along with a shortage of stock which exaggerated price rises.

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Chrysler management and unions endorse draft planning agreement

By Clifford Webb

Chrysler management and union representatives yesterday endorsed the final draft of the joint planning agreement which was a condition of the Government's £162m rescue package a year ago.

The draft will now go to Mr Varley, Secretary of State for Industry, for approval.

It was originally intended that the planning agreement should set out the company's business plan for 1976 and 1977. However, the detailed negotiations necessary to win union support for every stage of Chrysler's recovery took around 18 months.

Since the Government stepped in last January, Chrysler has made steady progress in reorganizing its production facilities—helped by a much improved atmosphere on the shop floor. Last year, the number of man-hours lost through strikes fell by 90 per cent.

However, the fact that its share of the United Kingdom car market is still hovering around 5 per cent, must be a bitter disappointment. It was hoped that with assembly of the French-made Alpine switched to Ryton, near Coventry, and a face-lifted Avenger being produced at Linwood, it would increase its share to around 8 per cent.

Now Chrysler must wait until the summer for its sales to be boosted by the new small car—code named 424—which goes into production at Linwood in about two months.

No future for deals? page 19

Racal sights victory in bid battle for Milgo

By Ronald Pullen

Racal Electronics is slowly moving towards victory in its \$64.25m cliffhanging bid for the American data communications group, Milgo Electronic.

A further \$5,800 Milgo shares were tendered to Racal yesterday, taking acceptances for its \$36-a-share cash offer up to 49.85 per cent, compared with the 47 per cent level the rival suitors, Applied Digital Systems, Applied Digital Data Systems, and Applied Data Systems, claimed on Monday. Racal has again extended its offer by 24 hours and, unless further extended, it will close at 10 am (New York time) today.

Whether the stalemate between the two sides is finally broken today remains to be seen, but the indications yesterday were that Racal and ADDS were no nearer settling the issue amicably.

The two sides have been locked in combat for the best part of two-and-a-half months. It was last December when Racal announced that it intended to take a 15.5 per cent interest in Milgo, with which it has had a joint marketing and manufacturing company, based in Reading, for eight years, to preempt a bid from ADDS.

Then, after legal action by ADDS to prevent the issue of these new shares, battle was joined in earnest when Racal made a full-scale approach.

During the past month Racal and ADDS have been involved in a bitterly fought auction to gain control of Milgo, with Racal progressively raising its terms from \$26 a share to \$36 and ADDS similarly raising the value of its cash and paper offer.

Within sight of victory and the promise of its dividend-boosting rights issue, Racal moved 12p higher to 275p on the stock market yesterday.

Swiss accused of dumping watch precision parts

By Derek Harris

Recession-hit Swiss watch component makers, who have changed to the production of other precision components, have succeeded around 25 per cent of the British market by extensive price-cutting.

Miniature high precision components, usually selling at between 20p to £1.50 per thousand in the trade, are being offered to British manufacturers sometimes at less than the cost in Britain of the basic raw materials, according to the Fasteners and Turned Parts Institute.

The institute is investigating the situation before asking the Department of Trade to treat the Swiss imports as a possible case of dumping. This was stated yesterday by Mr Patrick Doherty, the institute's chairman, who said the evidence so far suggested that the Swiss products were undercutting comparable British products on average by about 25 per cent.

He said: "It seems obvious that, just to keep their businesses ticking over, the many small Swiss component makers (except for one or two major groups, it is a cottage industry) are simply selling at a loss. But this has been going on for nearly 18 months, and if it continues much longer our members are going to be increasingly affected."

There had been increasing competition from foreign component producers elsewhere, he added, but here prices were not artificially out of line.

Ministers of US in £30m British diesel expansion

By Townsend

The American diesel engine manufacturer, Cummins, announced plans for a British Government investment programme to create jobs by 1980.

The project, described as "a boost" to the United Kingdom diesel engine industry, involves a major investment of £30m in the Cummins plant in Lincoln.

The project will involve the construction of a new engine manufacturing plant identified by the Government as one of the key areas for special attention in the overall industrial development of the country.

The National Economic Development Office sponsoring party for the project has said substantial opportunities for diesel users will be available in 10 years.

The project was marked by the presence of Alan Williams, Minister at the Department of Industry, and Mr Gregor, Minister of State for the Scottish Office, at a press conference staged by the company in London.

Mr Williams said that the investment was a demonstration of Cummins' confidence and faith in the United Kingdom.

About £18m of the new investment will be spent on machine tools, mostly from British manufacturers, and will qualify for 20 per cent state grants. Further grants from the Scottish Development Agency will cover a proportion of the building costs.

Mr Henry B. Schacht, Cummins' chairman and chief executive, said that when the new plant was in full production, the company's United Kingdom employees, spread over three factories, would represent one-third of the Cummins total world labour force.

Cummins employs 5,700 workers in the United Kingdom, has sales exceeding £76m and exports 74 per cent of its United Kingdom output. Engine output is more than 27,000 units a year and the new factory will boost this to 45,000 a year by 1980.



Mr Schacht: big increase in United Kingdom employees.

Minister hopes for 8pc cut in North Atlantic air fares

By Arthur Reed

Air Correspondent

Hopes that air fares across the North Atlantic could be reduced by 8 per cent after the renegotiation of the Bermuda agreement covering services between Britain and the United States were expressed yesterday by Mr Dell, Secretary of State for Trade.

Speaking to the transport section of the London Chamber of Commerce, he said there was a need for a decision about the Bermuda agreement, which had characterised the past.

Britain has told the Americans that it wants to draw up a new Bermuda agreement by June. The next meeting between the two sides is due to take place in London on February 28.

terms, while still yielding a reasonable return to the airlines.

The United Kingdom would also receive a fairer share of the benefits from the North Atlantic services; capacity would be related to demand; airlines on both sides would achieve a reasonable profit, and the world would enjoy the benefits of competition, without the waste which had characterised the past.

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successful, and the dismissal was confirmed when a Transport and General Workers' Union official made a formal approach to the company.

Strikes halt 25,000 Leyland jobs

More British Leyland workers were laid off yesterday as the disruption caused by various disputes worsened. The total now idle, either because they are on strike or have been sent home, now stands at almost 25,000.

Of the state-owned car company's 18 car ranges, 11 are out of production and truck output at the company's Lancashire plant is being progressively affected.

A strike by 1,300 workers at the car body plant at Castle Bromwich is having the greatest effect: the shortage of body shells at pressings has shut down car assembly at several centres.

Jaguar, Mini, Rover 3500 and Triumph production are all affected.

Dagenham dispute makes 700 idle

A walkout by 360 men at Ford, Dagenham, is threatening the loss of 350 Cortinas and 170 Fiesta a day from today. The action is in sympathy with a man dismissed for allegedly assaulting a foreman.

The strike, in the body plant, resulted in the company telling 700 workers not to report last night, and Ford says it doubts if the assembly plant will be able to continue working today, meaning further layoffs. An appeal by the worker was unsuccessful.

Vietnam seeks \$50m

Vietnam has begun to borrow from Western banks in the Eurodollar market. According to a newsletter published by the Bank of America, Vietnam has sought at least three loans totalling nearly \$50m from foreign banks in Hong Kong in the past two months. According to sources in London, French banks are believed to be in the forefront of those interested in lending to Vietnam.

More ECED backing

Mr Dell, Secretary of State for Trade, yesterday revealed there was an increase of over 46 per cent in the value of short-term export business insured by the Government-run Export Credits Guarantee Department between April and December last year, compared with the 1975 period.

Massey peace meeting

Strikers who have closed Massey-Ferguson's Coventry tractor plant for the past eight weeks have been called to a meeting tomorrow by officials of the Amalgamated Union of Engineering Workers.

IATA condemns levy

A government proposal to make airline passengers pay the cost of airport security measures has been condemned by the executive committee of the International Air Transport Association.

The committee, meeting in Zurich, said it could see no justification for singling out airline passengers. It believed such discrimination contravened international law as well as reversing the British position in the International Civil Aviation Organization and the European Civil Aviation Conference.

Opec price accord near

Economic experts from the Organization of Petroleum Exporting Countries are close to reaching a compromise on the two-tier pricing system at their meeting in Vienna, the Kuwaiti newspaper *Al-Sayassah* reported yesterday. However there was no confirmation that Saudi Arabia and the United Arab Emirates would agree to a further 2 per cent price rise in return for a 2 per cent reduction by the other 11 members.

Expanding?

GMC

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the markets moved

The Times index: 160.56 + 2.62
The FT index: 385.2 + 9.1

THE POUND

	Bank buys	Bank sells
Australia \$	1.61	1.56
Austria Sch	30.50	28.50
Belgium Fr	64.75	61.75
Canada \$	1.79	1.74
Denmark Kr	10.38	9.98
Finland Mk	6.79	6.45
France Fr	5.72	5.40
Germany Dm	3.26	3.05
Greece Dr	67.25	64.00
Hongkong \$	5.15	4.79
Italy L	157.00	151.00
Japan Yn	505.00	480.00
Netherlands Gld	4.44	4.22
Norway Kr	9.26	8.90
Portugal Esc	58.60	54.50
S Africa Rd	2.14	1.97
Spain Ptas	121.00	112.50
Sweden Kr	7.49	7.14
Switzerland Fr	4.44	4.22
US \$	1.75	1.70
Yugoslavia Dnr	34.75	32.25

Rates for small denomination bank notes only as supplied yesterday by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

made further progress. Stocks saw some mixed 25 points to close. The effective devaluation was 43.3 per cent. 25 cents an ounce to

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her pages

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CEI attacks plan for engineering inquiry

By Derek Harris
The Council of Engineering Institutions—only now putting through some modernisation of its structure after two years of argument among its 15 chartered organization members—yesterday attacked the idea of a government inquiry into the engineering profession.

An inquiry is "neither necessary nor desirable," according to Sir Charles Pringle, CEI chairman. He has told the Prime Minister that setting up an inquiry would introduce a further period of uncertainty just as the profession—with the help of the CEI's new structure—was achieving a new unity and stability.

But there is a split within the CEI on the inquiry issue. Two of its most powerful member organizations—the Institution of Mechanical Engineers and the Institution of Electrical Engineers—have told the Government they support the idea of an inquiry.

Among other strong voices raised for an inquiry is that of Mr John Lyons, general secretary of the Electrical Power Engineers Association. Whether CEI's opposition to an inquiry will deflect the Government is open to doubt. Mr Varley, Secretary of State for Industry, who had been asked by the Prime Minister to make an early recommendation on what to do about the profession, is believed to have decided in principle to go ahead.

The CEI letter points out that an inquiry, backed by Mr Varley, is already being carried out into professional questions like education and recruitment by the British Association for the Advancement of Science. But the protagonists of a full government inquiry into the profession point out that the British Association inquiry is more limited in its scope and has been tied to a tight schedule.

CEI attacks plan for engineering inquiry

West German economists point to marked upturn in end-1976 growth

From Peter Norman Bonn, Feb 17

After a period in the doldrums last summer, the West German economy appears to have entered a phase of strong growth towards the end of 1976. In two separate reports, the West German Federal Bank and the West Berlin economic research institute DIW today spoke of a sharp increase in domestic demand and production in November and December last year.

According to the latest monthly report of the Federal Bank, Germany's real Gross National Product grew at a seasonally adjusted annual rate of 6 per cent in the final quarter of last year. Compared with the third quarter, seasonally adjusted GNP was up by 1.5 per cent in real terms in the last three months of last year.

True to form, the Federal Bank was the more circumspect in describing developments. It said the continuation of the recovery in the economy after the summer pause was based primarily on a strong growth in domestic demand for finished products. Alongside private demand for consumer goods—in

particular motor cars—industry was less reserved in its investment purchasing towards the end of the year.

The DIW went further. It said that there was an "extraordinarily strong" revival in investment towards the end of 1976, supporting the view that Germany was beginning a "self-sustaining" recovery in industrial investment. It forecast that real GNP in the first quarter of this year would be about 5 per cent up on a year ago.

Although unemployment reached one and a quarter million at the end of last month, the two reports taken together should reinforce the Bonn government in its determination not to embark on a policy of general reflation.

The Federal Bank pointed out in its report that because of structural factors, unemployment could be reduced only gradually. Export demand continued to sustain economic activity in West Germany and the stock of foreign orders in hand would appear to guarantee a strong export growth in the coming months.

The Federal Bank's report referred to the marked contrast

between the favourable statistical data and the widespread uncertainty and pessimism in business circles over the past months.

It acknowledged that the continuation of the present "truly positive development" of the economy was hedged with risks associated mainly with the uncertain outlook for the world economy, the fear of excessive wage settlements at home, and doubts as to whether further progress can be achieved this year in cutting back the public sector's borrowing requirement.

For the Federal Bank's economists in Frankfurt, the world economic outlook would appear to be the least problematical cloud on the horizon. Their report claimed that forecasts that the world economy would enter a new period of weakness were based on indicators available up to the beginning of last autumn, and that in the meantime many countries had produced more optimistic forecasts of economic trends.

The bank showed itself to be rather less happy about collective wage bargaining.

Building industry 'poorly placed to meet recovery'

Despite its present severe under-utilization of capacity, the construction industry is ill-equipped to take on the kind of work which is there to be done," Mr John Cuckney, chairman of the Building Economic Development Committee said in London yesterday.

Speaking to the National Federation of Building Trades Employers conference, entitled "Construction's road to recovery," Mr Cuckney said the "fundamental question" concerned the ability of the industry as at present structured "to cope with the changes in its market and grasp the opportunities which exist."

He said it would be "sheer lunacy to go on dreaming about the production of large numbers of three-bedroom houses," in the face of the declining birth rate. However, he pointed out that in the housing sector there are some two million "actual or potential slums" which needed replacing or converting.

A 10-year programme to eradicate what is left of sub-standard dwellings and to provide a better match between the people looking for housing and the available accommodation would put a tremendous burden on the industry.

SE calls for Budget incentive to savings

By Our Financial Staff
The Stock Exchange yesterday called for a reduction in the taxation of savings and an end to dividend control in its pre-Budget submission to the Chancellor.

Government policy has concentrated for too long on encouraging consumption at the expense of savings and investment by the private sector and only when this policy is reversed will the economy be put right, the Stock Exchange argues. Criticizing the sharp rise in public spending since 1970 the Exchange believes that once this is reduced the way is open for tax cuts.

After the sale of £1,000m or more of equities by the private sector in recent years, the Stock Exchange urges the Government to encourage private investors to put their savings back into industry by abolishing the investment income surcharge and ending capital gains tax, reducing taxation on securities transactions and abolishing the contract stamp.

Also announced yesterday is a series of "commentary leaflets" to spread the message for "investment, profit and personal savings".

In the first of these, on dividend control, the Exchange criticizes dividend limitations because of the distortions caused to capital markets.

Association joins protest over CCA proposals

By Our Financial Staff
Another voice has been added to the growing volume of protest directed at the Current Cost Accounting proposals issued by the Morphet Committee—that of the Equipment Leasing Association.

Morpeth's Exposure Draft 18 has suggested, among other things, that leased assets should appear in the balance sheets of lessees rather than the current practice of using an off-balance sheet note.

The ELA holds that a lease is a contract under which the lessor has possession and use of a specific asset on payment of specified rental over a period, while the lessor retains ownership.

A chance to represent these views will come later in the year, possibly in May, when the ELA will be represented on an Institute of Chartered Accountants working party headed by Mr Paul Rutteman of the accountancy firm, Arthur Young McLellan Moores.

The working party will be issuing two exposure drafts, one on the impact of Morphet on lessors and the other on lessees.

Objection from clients to Morpeth's proposed treatment of leasing is almost universal, Mr Errington claimed, although British Oxygen International and Dunlop are two notable exceptions and they have already capitalized leased assets, with the present value of rental obligations shown as a liability.

Falling in about 90 per cent of all leasing business transacted in the United Kingdom, the ELA purchased £21,000m of new assets for lease to customers in 1976, an increase of 25 per cent on the previous year.

In a state overall investment climate, leasing industry's share of all plant and equipment investment during the year grew from about 5 per cent to 7 per cent.

When we consider that between 60 per cent and 70 per cent of all new capital expenditure is paid for out of retained earnings," Mr Errington added, "then the leasing industry is seen as contributing more than 20 per cent of investment financed from external sources."

The number of contracts written last year fell by a tenth but their value rose.

The ELA's target for leasing's share of total plant and equipment spending this year is 10 per cent.

LETTERS TO THE EDITOR

Motivating the managers who motivate the men

From Sir John Read
Sir, The recent report on "Motivation of British Management," published by Opinion Research Centre, has been commented on at some length by a number of contributors to your columns during the past few days.

As well as endorsing much that has been written by your correspondents, I should like to add some further observations.

There can be no doubt that the tasks facing all managers today are greater than ever before. The challenges and pressures have markedly increased. Industry and commerce are highly complex, requiring exceptional dedication and skills if they are to be managed successfully.

There is, too, a mounting groundswell of opinion in favour of change: industrial democracy, while it may be a somewhat vague phrase, nevertheless indicates a stronger desire for employee participation at all levels. And this in itself betokens an even higher demand upon managers to inspire, to motivate and to lead by consent. Such demand is not, of course, confined to the United Kingdom. Indeed, British-based companies with international trading connections are particularly aware of similar trends elsewhere in the world.

In overseas countries, the increasing demand upon managers is properly recognized and commensurately rewarded. This simply has not happened in the United Kingdom, where during the last three years alone, rewards to managers have declined substantially in real terms, despite the much more onerous requirements placed upon them.

Confidential information and banks

From Mr W. Aspinall
Sir, On February 10 an article appeared following correspondence relating to the National Union of Bank Employees, suggesting that their members were concerned that they were at times concealing tax evasion.

NUBE are now suggesting that the whole subject is worthy of public debate.

The Council of Bank Staff Associations (CBSA) is the majority trade union in the English clearing banks, representing 85,000 members, and at no time have we heard from our members that they would wish to pass on confidential information to anyone. Bankers have a professional conduct to maintain and value the relationship with their customers.

The question of public debate does not come into it, the whole subject seems to be in the minds of a minority of union officials.

Yours faithfully, WILFRED ASPINALL, General Secretary, Council of Bank Staff Associations, 1 Whitehall Place, London, SW1, February 14.

From Mr B. P. D. White
Sir, Messrs Pearson and Barnett (February 8) was indignant at Mr Vose's proposal (February 1) that bank staff should be encouraged to report tax evaders to the Inland Revenue.

Burgling, housebreaking, shoplifting, pilfering, mugging, tax evasion, etc., etc., are all forms of theft so why in the world reporting anyone responsible to the authorities should be leading to a police state defies the imagination of any law-abiding citizen.

Tax evaders are an increased tax burden to other taxpayers—indeed are TV licence avoiders to the holders.

A free country should discourage any form of crime, for freedom without responsibility can only lead to disastrous chaos.

Yours faithfully, B. P. D. WHITE, Rosedale, Stanton Drew, Bristol BS18 4EN, February 9.

Efficient use of Britain's fuel resource

From Mr David Crabbe
Sir, Mr Goddard (Feb 16) and Dr McMullan (Feb 16) have taken me to task for content of my letter published on February 2 not my intention to do the electricity versus gas but to try and compare the merits of these fuel resources of overall United Kingdom energy requirements conservation effort.

All of our fossil resources, coal included, valuable to squander in favour of the inefficient use and energy applications. For example, grade coal would be better in combined heat and schemes, and, in the far manufacturing synthetic gas.

Your correspondents have concentrated, too, passing the inefficiency use and I must admit this approach rather than the efficiency of a 70 per cent saving in fuel costs, is readily achieved by sensible application, appropriate input and regular servicing, also true for oil-fired fuel systems. Electric power achieve better than this.

The answer to energy occurring in the home inefficient appliances is not a changeover to inherently more inefficient devices, but to achieve better than this.

Small business's 'higher quality of investment'

From Mr David Mitchell, Conservative MP for Basingstoke
Sir, Small businesses are highly valued by David Howell (February 1) in relation to their flexibility and their potential in job creation. There is, however, another factor which could, with advantage, be considered: I refer to the higher quality of investment in the small firms sector.

It is one of the saddest international comparisons that the return on investment and productivity of new equipment in UK industry is, on average, dramatically lower than in our main industrial competitors.

It is just as ludicrous for trade unions to insist on over-manning and consequent low productivity as to smash up machinery and assume that this will lead to more jobs. It is

only through competition, production and delivery that jobs can be ensured.

In the small firm the better understanding of reality—so that better made of available equipment, often too little varying loads, is readily achieved, so often the priorities of small firms invest their own money breeds its own very form of discipline. In a secure the best use of resources, the small firm a special contribution.

Yours faithfully, DAVID MITCHELL, Chairman, Conservative Business Bureau, House of Commons, February 9.

From Lady Burton of Coventry
Sir, On many occasions over the past 27 years and lastly on February 18, 1975, you have been good enough to publish letters from me on the problem of the consumer interest being recognized as an entity in itself—comparable to both sides of industry—with real influence.

Starting in the early fifties with textiles and progressing (if that be a true description) through many areas to airlines we have now reached Bullock.

May I support the formula put forward by Dr Michael Young on February 5, namely 2X+C, where C stands for consumer.

Sir, it is a hard road. In the Lords on February 3 I did speak of making progress inch by inch: the correct terminology today obviously have been centimetre by centimetre.

The consumer estate one of the Estates Realm and should be sized as such. Is this democracy? Yours faithfully, LADY BURTON OF COVENTRY, House of Lords, February 7.

From Mr D. J. Foskett
Sir, "How can he get... whose talk is of... The Ecclesiastical... Yours faithfully, D. J. FOSKETT, Librarian, University of London, 11-13 Ridgmount Street, WC1E 7AH, February 9.

UDT pi balance

Grand Mains Improving the ratios

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Bonn approves Iran stake in Krupp

West Germany's Cartel Office yesterday gave conditional approval to Iran's plan to take a 25.01 per cent stake in Fried Krupp GmbH, parent company of the Krupp group. Iran can go ahead with the acquisition, provided Walther and Cie AG, a member of the Krupp group, reduces its influence over EVG Energie und Verfahrenstechnik GmbH, of Stuttgart, in which it holds a one-third stake.

The Cartel Office said it was necessary for Krupp to reduce its hold over EVG because of the existing 33.92 per cent stake Iran has in the capital of Deutsche Babcock AG.

Montedison bidding for Siberia project

Montedison is negotiating a major chemical contract with the Soviet Union. Company officials in Milan say an agreement is close.

Montedison confirmed yesterday that the negotiations were under way, but declined to give further details. It was understood, however, that the company might participate in a contract to build a huge petrochemical plant in Siberia.

THE THROGMORTON SECURED GROWTH TRUST LIMITED

INTERIM REVENUE STATEMENT
The Board of Directors announce the following unaudited interim revenue figures of company for the six months ended on 31st January, 1977.

	Six months to 31.1.77	Six months to 31.1.76	Year End 31.12.76
GROSS REVENUE	£ 302,023	£ 318,075	£ 690,175
Less: Administration	177,738	183,653	392,774
Less: Taxation	140,285	124,452	297,460
	55,375	47,923	124,161
Unappropriated revenue brought forward	84,912	76,529	173,337
NET REVENUE AVAILABLE FOR DISTRIBUTION	£101,913	£107,704	£204,557
Earnings per share	0.85p	0.77p	1.7p
DIVIDENDS			
Interim 2.45% (1976-2.45%)	61,250	61,250	61,250
Final — (1976-5.05%)	—	—	126,250
COST OF DIVIDENDS	£61,250	£61,250	£187,500
Unappropriated revenue carried forward	£40,663	£46,454	£17,057
NET ASSET VALUE	£11,777	£31,776	£31,776
	116.2p	120.4p	120.4p

Based on middle market prices for all securities and deducting the company's debt of £1,000,000 at middle market price.

At a meeting of the Board of Directors held today it was resolved that an interim dividend of 2.45% net (1976-2.45%) be paid on 4th April, 1977, in respect of the year to 31st July, 1976, to shareholders on the register as at 11th March, 1977.

16th February, 1977.

UDT pi balance

Grand Mains Improving the ratios

Interest rates Waiting for next move

Director of the Major-General G. Gibbon, who is head of allied Supreme Headquarters Powers Europe. He was formed part of the EC number of a major London Stock Exchange. He was formed part of the EC number of a major London Stock Exchange. He was formed part of the EC number of a major London Stock Exchange.

5 TO THE EDITOR
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BY THE FINANCIAL EDITOR

UDT prunes its balance sheet

By the performance balance sheet of UDT pruned yesterday with figures, disposals run down on both the and the instalment business are between making quite an impression on the group's financial

the sales of United Kingdom Corporation, effective from the January, and of the New Zealand subsidiary group has shed 10m from each side of the balance sheet, as well as in some £14m on the high has been used to overseas borrowings

on the property portfolio have been reduced to £103m over the year, and the instalment business, too, has been slowly, against the trend. The net result has been a reduction in deposits, and other assets, from £64m to £809m, some of which relates to the long-term business.

at figure, plus subsidiaries and loan capital of £23m to £43m, still a group highly geared owing to a hefty tax increase minorities £2.8m in exceptional net loss at the attribute at the interim has shareholders' funds £3m to £31.7m. And about lenders still de for over £300m of odd of United Kingdom, it will be a while the group is standing on two feet.

same, with profit improving, and the fixed-rate runs off, it looks as preference dividend are likely to be re the year-end. A of the ordinary is entirely based on assuming that the two big shareholders, nd Eagle Star, or other o not move to provide ured "final solution"

1976-77 (1975-76)
Sales £21.8m
Profits £5.8m (£0.5m)

ton Viyella
ing
its

ted Kingdom textile is on the mend it is too early to get cited about the re Carrington Viyella's fits at £12m—more the previous £5.6m he decisive improve Nottingham Manufact sharp improvements o companies, which needed the cotton in the business

rington the gearing used to benefit the turn (trading profits 5m against £12.1m) a £1.5m increase in charges to £6.8m, dly reflects a rise in s but also the effects interest rates and a und

rise is reorganiza of £1.7m (against st of which occurred cond half as a result of a factory in Rationalization dur downsizing should over while the bene improved margins—e only 194 per cent £278m are already

ising by between 35 cent last year, con are levelled off easing ure on Carrington nited Kingdom was nt towards the end ar and a total year book 29 per cent a year earlier is of a continuing over- ment.

ssibility of a slacken- after the initial re- ill depend on the which imports have by the fall in the

noble lords can now have their ears in the d ponderously-named Islands Research and ent Association. The association has been d to raise subscrip the eighteen-year-old Kingdom Falkland 'Committee. The latter se to step up its pres- behalf of those of the unders who think the and Commonwealth preparing to hand over is to Argentina. the committee's mem- sympathetic MPs, in- Sir Nigel Fisher, the ber for Sriburton and unior minister at the

are also members rms have interests in ad or such as Frank Mitchell, director of the Falk- lands Company, a l organization which is st commercial presence



Mr. Leonard Mather, chairman of United Dominions Trust, losing market share.

pond but analysts are going for £18m profits this year, and a yield of 101 per cent at 271p (up 1p) on a twice covered dividend, has its attractions.

Final: 1976 (1975)
Capitalization £38.5m
Sales £278m (£233m)
Pre-tax profits £12.0m (£5.6m)
Earnings per share 3.75p (1.64p)
Dividend gross 2.5p (1.63p)

Grand Metropolitan
Improving the ratios

Central to Grand Metropolitan's strategy since the early 1970s has been efforts to improve its balance sheet ratios. And the message from the latest annual accounts is that despite the damage caused by sterling's fall the group is at least moving in the right direction, albeit at a snail's pace, which may explain why the shares have not been one of the prime beneficiaries of the decline in interest rates over the past three months.

Gearing still remains uncomfortably high although over the past year a commendable rein on working capital and the benefits of the rights issue has helped lower it against shareholders' funds and deferred tax.

Moreover, that would fall to 85 per cent if the 10 per cent loan stock were converted though the shares need to rise by around a quarter from their current 67p to induce holders to do this.

Meanwhile, Grand Met has managed to weather the effects of the drop in sterling on its £160m overseas loan book (£23m higher than the previous year) reasonably well, though with overseas liabilities £12m short-covered by assets that has still entailed a more than doubled extraordinary loss of £11.7m after asset sales. Now that it is over the hump of its capital spending, which Grand Met expects to pay off handsomely soon, cash flow is also looking healthier at £32m.

Accounts: 1975-76 (1974-75)
Capitalization £202m
Net Assets (£252m (£244m)
Borrowings £524m (£514m)
Pre-tax profit £57.1m (£42m)
Earnings per share 7.25p

Interest rates
Waiting for the next move

Few on Monday evening would have predicted so rapid a recovery for the equity market, yet the ground lost in Monday's sharp shake-out has already been more than recouped.

Although the market has fully clawed back Monday's losses and the yield on local authority yearlings moved up a notch on Tuesday, the market still seems to feel that there may be scope for a further small fall in short-term interest rates in the near term, and some have even been speculating on a marginal cut in MLR.

It may well be that the Bank will eventually have to drop MLR back into line with the market if market rates fail to re-trigger the normal MLR for-

Business Diary: 'Mid the equinoctial gales

mula of their own accord. But given the continuing concern about the pay negotiations and the major economic indicators—money supply excepted—there seems little ostensible reason for the Bank to be in any area hurry.

As far as the clearing bank base rates go, money market rates would certainly seem to point to some scope for a further cut. But whether banks will be keen to make any move at yet is another matter: a certain amount may well depend on where the latest set of monthly figures—yesterday being made up—show them to be in relation to the "corset".

Albright & Wilson
Better than forecast

The market was right to treat Albright & Wilson's interim forecast of similar second half results as being conservative, for Albright saw another trading upturn towards the end of the year. The outcome being profits 71 per cent ahead at £31.6m after an admittedly depressed £18.5m in 1975.

Raw materials for detergent manufacture are still the largest profit contributor although it is likely that, in contrast with 1975, this business accounted for less than half total profits last year.

Meanwhile Canada suffered a downturn in earlier buoyant trading in industrial phosphates but as the world's largest sodium chloride producer (with the new sodium chloride cell in production) the group did well from the pulp industry.

With a low 40 per cent tax charge, due partly to £2.6m of exchange gains, earnings per share have come out slightly better than expected at 15.1p to give a p/e ratio of 6 with the shares up 1p to 91p yesterday. The shares can be volatile and may now be subject to some sensitivity since growth this year is likely to be much more pedestrian although a 7 per cent yield is reasonable in the sector.

Final: 1976 (1975)
Capitalization £107m
Sales £285m (£227m)
Pre-tax profits £31.6m (£18.5m)
Earnings per share 15.1p (9.1p)
Dividend gross 6.35p (5.77p)

General Accident
American indications

United States results from General Accident are never entirely straightforward and such was the case yesterday when the market initially became jittery about a statutory underwriting loss which seemed to indicate a 20 per cent deterioration during 1976 after conversion at \$1.70. After accounting adjustments, however, GA will be a kin an underwriting loss of around £11m into its world-wide accounts this time, much the same as in 1975.

Moreover, an operating ratio of 104, against 106, reflect a since a final quarter operating ratio of 102.2 against a third quarter of 100.2, probably masks some reserving against possibilities thrown up by the United States freeze, or more specifically, worries about the damage that a sudden thaw might do.

Just before last Easter the Government disclosed that six companies had entered into what is grandly called "operative discussions" with a view to signing planning pacts. They were Babcock & Wilcox, Clarke Chapman, Heat Wright, and Whessoe—these four confining the talks to their process plant fabricating interests—and GEC and Raytheon Parsons, who were concerned only for their turbine-generators.

Also, British Leyland and Chrysler UK, one now owned by the National Enterprise Board for the state and the other nourished by public monies and subsidies, have undertaken to negotiate agreements. Even the latter two

that its affairs were being directed by an undischarged bankrupt. Two other associates of the club were subsequently arrested in the United States on fraud charges.

Almighty dollars

Notwithstanding the "breakthrough" disclosed last night in the Chrysler company's negotiations with its work force Mr Eric Varley, Secretary of State for Industry, must sooner or later admit defeat in the Government's long running struggle to interest industry in signing planning agreements.

Ever since his predecessor, Mr Wedgwood Benn, was so suddenly transferred to the Department of Energy (where he has been marked a success in winning oil giants over to participation deals), the issue has been allowed to cool. But even Mr Varley's softly softly policy has not produced the results expected by his party enthusiasts and trade union leaders.

Ministers have begun to describe industry's response as disappointing and just recently there has been ministerial discussion on whether a threat to make agreements a condition of state aid might compel more urgent consideration of joint strategic planning by big companies.

Certainly the existing offer to guarantee certain levels of regional aid to companies has not been a sufficient incentive.

At this stage threats of making conditions for state assistance which go beyond the original offer, which was written into the Industry Act, are just talk. The Department of Industry is apparently making a fresh attempt to persuade companies to be seriously considering such a move.

It is now 18 months since the department issued a discussion document on the contents of a planning agreement. Its aim was not to draw up a model to which agreements must conform, rather to identify the issues and develop an approach that would command wide-spread support and upon which the Government proposed to build case by case.

The document was greeted with scorn, innuendo, and a few "Think Tank" proposals for mergers and restructuring. Curiously, industry has perhaps already lost one benefit which was open to it if any company with strong employment forward planning requirements had signed a pact. Regional employment premium is now being withdrawn, but a statutory might arguably have had this underwritten before that decision was taken.

One big stumbling block for companies who have at the Government's pleading, examined the concept of planning agreements is the acceptance of the role of trade unions in any negotiated arrangements. There are worries about security, the position of union representatives when told of forward planning, and the impact on existing consultative arrangements for all employees, not just unionized employees.

Companies want to develop participative arrangements tailored to the individual needs, as evidenced by the hostile response to the Bullock report on industrial democracy. They see planning alongside government as best developed within the tripartite framework used for industrial sectors.

The enthusiasm for the industrial strategy exercise is proof of a willingness to accept more detailed planning. Companies can work well with government without the necessity of individual planning agreements.

For its part, the Department of Industry is pleased by the fast developing industrial strategy and it has to decide some time this year whether it wants to quietly bury planning agreements or to stir up controversy again by some threatening noises over the lack of progress, which may well endanger the industrial strategy.

What looks certain is that by the end of this year a more than half a dozen companies will have signed up, and most of these will not be voluntary arrangements freely entered into by concerns not seeking abnormal nourishment by the Exchequer or even favoured change in government policy.

Maurice Corina

No future for planning agreements?

motor vehicle producers have been a long time signing in spite of the obvious capacity of government to twist some arms. The word is that British Leyland's fountain pens will be out very shortly.

In the public sector three nationalized industries last June agreed to enter into talks, but little more has been heard. As for the private sector, the generator companies are concerned, their detailed discussions are somewhat overshadowed by the prospect of a new generation of power stations. The Government's protracted review of power station building programmes.

As far as can be established the NEB which is proving a highly secretive organization, has not been putting much pressure on the likes of Rolls-Royce, Ferranti, ICL and Herbert. Its role in promoting planning agreements is confused and limited.

If the programme of planning agreements does make progress, the NEB "may be asked from time to time, with the agreement of the company concerned, to take action in support of planning agreement proposals". But confidential information provided to the Government by a company in its planning agreement discussions cannot be available to the NEB without the prior consent of the company.

Not should the NEB, according to government policy guidance to Lord Ryder, take shareholdings in such companies without first consulting the appropriate Whitehall department.

With these qualifications it is not surprising that the planning agreement pioneers of Babcock & Wilcox, Clarke Chapman, GEC and Raytheon Parsons have not yet concluded their deals. No one is too sure where the NEB's influence will be felt after the recent "Think Tank" proposals for mergers and restructuring.

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The economic consequences of Mr Healey

Denis Healey has been Chancellor for three years, less a fortnight. It is time to look at the record.

Chancellors come in three types: the let her rip school; the innovators and the hard men. In the first category we find Dalton, Butler, Amory, Maude and Barber.

In the second group are Cripps (planning) and the first two (Macmillan (the "savings" budget), Selwyn Lloyd (the purchase tax regulator) and the National Economic Development Council), Callaghan (capital gains and corporation taxes), investment grants, selective employment premium, special drawing rights and the public expenditure survey) and—again—Barber (abolition of purchase tax, Bank rate, of the clearing banks' cartel, of the pound's fixed exchange rate, as well as the introduction of value-added tax and the proposal that the International Monetary Fund should adopt an SDR-standard).

The hard men include Cripps (again), Gaiskill, Thorneycroft, Selwyn Lloyd, Jenkins, and now Healey. Thus, paradoxically, Tory Chancellors have been predominantly innovators and expansionists while Labour Chancellors have provided capital expansion and innovation and four iron Chancellors.

This has to some extent been due to accidents of history and to the misfortunes which Labour cabinets are prone to bring upon themselves, to say nothing of the greater benefit of doubt, which financial markets have habitually given to Conservative governments. In Denis Healey's case the imperatives of hard times and a battling temperament (most of the time) have coincided.

He would doubtless have liked to have been an innovator. He was serious about wanting to introduce a wealth tax, which in the right form could have been an opportunity for a major rationalization of capital taxation in Britain.

He did sponsor the "Healey plan" for recycling dollars through the International Monetary Fund. He has presided over a very considerable tightening up of public expenditure control, particularly through cash limits

and rationing of the contingency reserve, which had been much weakened in the Barber years and which was shown, in the great inflation of mid-decade, to have serious loopholes.

He would doubtless also claim that the social contract and the industrial strategy are important developments in the techniques of economic management. This is harder to accept, since the social contract is another round of old-fashioned pay restraint or it is nothing; and the industrial strategy is nothing or it is a commendable resolution not to persist with those aspects of the Labour Party's programme which are particularly calculated to de-industrialize Britain in the shortest possible order.

But in general one does not make-and-mend in a hurricane; and the Chancellor's job has been on deck, not in the design office. As the perspective of history draws out and as the personal selections made from the memory of the outline of a fairly solid performance detaches itself from the more ephemeral blunders and mis-

To be sure there were mistakes. It was an error to suppose that the deflationary effects of the oil-producing countries' payments surpluses could or should be neutralized by budgetary deficits in oil-consuming countries, least of all in Britain.

Germany and the United

States clearly were not going to play their prescribed role in this process; and the control of inflation anyway required that higher oil prices be absorbed through a transitional recession.

In the end by being the last to face this fact, Britain suffered a balance of payments deficit and decline in the pound's value which aggravated inflationary pressures in a way which made the eventual recession far deeper and more prolonged than that suffered by countries which took the oil price increases on the chin.

Secondly, it was a mistake to wait until January, 1975, before beginning to spell out to trade union negotiators the direct connexion between the level of pay settlements and unemployment given that the rate of

monetary expansion was to be failure later, on to blur that message by reverting too often to the old Treasury language which linked incomes policy to inflation rather than unemployment.

Thirdly, it was at least a disservice to fail to spot the effects of pay inflation on the budget deficit in the year 1974-75 more promptly than was done, although it was unprecedented.

Fourthly, it was an error—that the Chancellor half acknowledged—not to have foreseen in the spring and early summer of 1976 that the proposed budget deficit would confront him by the autumn with a horrible choice: either a baroque monetary expansion; or a level of interest rates which would "crowd out" the investment recovery on which he was banking (especially as the danger was loudly proclaimed from this space from the first week of January onwards).

In that connexion, however, it should be acknowledged that the Chancellor was unlucky. Those who warned of what was to come based their warnings on the assumption of a gradual economic recovery (during which a revival of private credit demand) which never occurred. If the Bank of England had not fallen asleep in August and had kept up a steady rate of gilded sales, it is at least arguable that the incipient monetary explosion of September, which precipitated the ugly events of the autumn, would not have occurred.

But, when all is said and done, the broad picture is clear and creditable. When Mr Healey came to the Exchequer the money supply (as measured by "M3") was and had for about six quarters been rising at an annual rate of about 30 per cent. This is well illustrated in the excellent charts prepared by the statisticians of Messrs Pender and Boyle, the stockbrokers, in their invaluable *Supplement 1950-76* on British Government statistics.

At that point any well honed Friedmanite would have said, and did say, that the first priority of any sound economic strategy from then on would be a progressive reduction in that rate of increase over three or four years from 30 per cent to a sustainable non-inflationary rate of, say, 3-5 per cent.

Messrs Pender and Boyle have drawn in a bold line depicting the "smoothed" trend of M3 increase since that time; and it follows exactly the line which such a Friedmanite would have drawn, some tendency to level off at about 10 per cent from the summer of 1975.

It is true that this "smoothed" involves filling in some canyons in early 1974 and early 1975, about which *The Times* complained at the time, and logging of some peaks in late 1974 and early 1975, when the charts are updated. Any monetarist who was offered such a prospect in the chaos of 1974 would have grasped from 10 per cent and counted himself absurdly fortunate.

Such a record could only be achieved at the price of an unambiguous and bold suspension of the norms of "full employment" economics as they are commonly supposed to have been inherited from Lord Keynes and the *Employment Committee* White Paper of May, 1944. Such a suspension broke what had hitherto been taken by all Chancellors to be the absolute political imperatives of economic policy.

It implied a risk, albeit out in this space in July 1976, of employment "in the low millions for the rest of the decade" and in September, 1975, of unemployment at 1,500,000 in the winter of 1976-77. Mr Healey knew it and he accepted it, even if at the same time he was politically constrained to talk of an unemployment target of 750,000 in 1979.

Men who bite on the big bullets of history can be exasperated and even infuriated by broken trees. Those who cannot see beyond their noses will still say that Mr Healey has presided over more unemployment and more inflation than any post-war predecessor. That is merely because he is the most recent in the line.

All of his predecessors, not just the hapless Mr Barber, pursued policies which were bound to lead to such a climax, a consequence of Lord Keynes, as applied in a world of vigorous collective bargaining, (by Hayek and Lord Robbins) predicted 40 and more years earlier.

Although his utterances have been extraordinarily confused and confusing, whether by design or by nature, Mr Healey's essential deeds, culminating in his uncompromising reaction last autumn to the threat of excessive monetary expansion (raising interest rates, invoking the IMF and curbing the budget deficit), entitle him to be remembered for having turned the most important corner of post-war history. It remains to be seen whether he or his successors can continue to bear the weight of that hinge of fate.



General Accident's United States results for 1976 are now being released in the U.S.A. and show, as compared with those of the previous year—

	1976 \$000's	1975 \$000's
Net Premiums written	408,445	343,411
Net Premiums earned	381,042	333,067
Statutory underwriting loss	(23,988)	(23,971)
Income from investments	47,782	40,005
Claims as % of earned premiums	75.47%	76.79%
Commission and expenses as % of written premiums	28.76%	29.49%
Operating Ratio	104.23%	106.28%

The U.S.A. underwriting results will be taken into the 1976 Group Revenue Accounts on the statutory basis, but with a deduction from unearned premiums for procurement expenses, and at the rate of exchange ruling at the year end of \$1.70 to £1 (1975, \$2.02 to £1).

GENERAL COMMENT—WORLDWIDE

The improved operating ratio in the United States, applied to the higher level of premium income and allowing for movement in exchange rates, will produce for 1976 a sterling underwriting loss little different from that recorded for 1975.

In the last quarter in the United Kingdom there was a small loss on underwriting attributable mainly to continuing adverse experience in the Homeowners account.

Elsewhere, in the aggregate, there has been some deterioration in the underwriting result for the same quarter. The preliminary statement of the worldwide results of the group for 1976 will be published on 23rd March.

General Accident
General Accident Fire & Life Assurance Corporation Ltd.
World Headquarters, General Buildings, Perth, Scotland.

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Monday's losses are wiped out

With half an eye on the pay policy debate, share prices made further progress and Monday's big losses have now been more than wiped out.

Prompted by a steadier pound, the first hour and a half of the day saw a combination of "cheap" buying and "bear" selling, and dealers said there was a good level of demand. Prices were helped by a shortage of stock and by 11 am the FT Index had put on 9.3 to reach its best level of the day. The interest waned thereafter and with the railwaymen coming out against continued pay restraint many prices fell quite sharply.

Up from a pre-bid 56p to 85p, Serck still looks a strong hold despite Associated Engineering's paper offer. AE has come down from 102p to 96p since its proposed offer, but rose 21p yesterday. So Serck has lost its premium. But there is talk of another suitor, and gossip names Hawker-Siddeley.

Though demand did not return to any marked degree, a late flurry of interest brought a firmer tone and by the close the index stood at 3852.4, a net gain of 9.1 and a two-day rise of 18.9. It is now 3.7 ahead over the first three days of the week.

As well as sterling, revived hopes of lower interest rates were a supporting factor in a more subdued performance. Nevertheless, short dates gained up to half a point, "mediums" one-quarter to three-eighths and "longs" one-eighth to one-quarter.

Fleas made up for lost time to out-perform the rest of the industrial leaders with a rise of 12p to 295p. Others like Glaxo 7p to 437p, Unilever 6p to 430p and Dunlop 3p to 84p made a more restrained showing, while it was not a particularly happy day for either ICI, up 3p to 334p, after 336p, and Beecham which closed just 2p ahead at 400p.

Though the figures of

Albright & Wilson were better than most expectations, there was a disappointing response from the market and the shares closed just a penny to the good at 91p. Firm of late, fellow chemical share Hickson & Welch gained another 5p to end at 388p.

Brackwhite once again sprang to prominence in engineers with a spurt of 15p to 240p. Elsewhere on the pitch, Tube Investments, with figures scheduled for next month, gained 12p to 364p. APV strengthened 10p to 300p, GKN 9p to 311p, Davy International 7p to 169p and Acrow "A" 6p to 60p.

Confident news of a short extension to the Milgo offer, Rascal went ahead 12p to 278p in electricals where consumer stocks like Decra 9p to 237p, Thorn "A" 8p to 232p, Ever Ready 6p to 134p and Hoover "A" 5p to 255p went ahead on initial demand.

Profits from Carrington Viella left the shares half a point up at 27p, after 29p, ahead of the news while Vantona closed at 82p after going over 90p on early speculative interest.

Others speculatively wanted included Dolan Packaging, up 7p to 97p on fresh bid talk, LRC 2p to 64p and Avon Rubber 3p to 100p. Batu Matang jumped 20p to 80p after bid news.

Over in foods, acquisition news explained the recent strength of United Biscuits which gained another 5p to 141p.

with Associated Dairies back in favour and rising 10p to 232p. The star performer in stores was Mothercare where the rise was 10p to 224p, but there was also interest in Burton after the annual meeting and the shares closed a penny to the good at 59p. While not spectacular, solid progress was also made by Boots 5p to 135p, Marks & Spencer 3p to 100p and British Home Stores 3p to 150p.

In the building industry sector, Tunnel Cement led the way with a rise of 7p to 146p, followed by AP Cement 6p to 177p, Costain 5p to 145p, London Brick 3p to 44p and Marchwood where profits are due soon, 3p to 127p.

After earlier figures, Bath & Portland rose another 4p to 45p and paint maker Donald Macpherson 1p to 51p. But timber was more subdued, the best being Magnet Southern where the gain was 3p to 130p.

In the oil sector, BP was unchanged at 914p and Shell 6p ahead to 502p. But there was still plenty of interest in stocks with North Sea stakes like Associated Newspapers, up 12p to 171p.

Thomson Organisation 22p for a close of 427p and Berry Wiggins 4p to 30p. After an initial surge of 4p, General Accident came back to a penny better at 170p after its United States figures.

There was a rather firmer showing from other composites with both Royal 304p and Eagle Star 114p ahead by 5p and Commercial Union rising 4p to 114p. Brokers C. E. Heath 13p to 498p.

and Sedgwick Forbes 6p to 242p were also well to the fore.

With figures due today, Bernard Sunley put on 3p to 129p in the hope that an improving situation will be consolidated. Other properties to see demand were Land Securities 7p to 158p, Bradford 6p to 126p, and Great Portland 4p to 214p.

In the banking sector, half-year figures from United Dominions Trust did little for the shares which finished a penny ahead at 20p. But both commercial and clearing banks were in good form with Barclays 25p and National Westminster 25p, both 10p higher, Midland 16p to the good at 268p, Lloyds 8p up at 208p in front of tomorrow's figures and 5p rises from Brown Shipley, at 135p, Arbutnot Latham at 120p and Guinness Peat at 155p.

There was a flurry of interest in stores group Owen Owen and the shares closed 18p up at 82p. The market expects the United Kingdom property revaluation, promised last May, to emerge soon showing a substantial surplus. There was also vague bid talk with Debenhams and Canadian partner, Hudsons Bay, mentioned. The company would not be drawn on the revaluation and there had been no approach.

Easier money market conditions continued to help discount houses. Among the best were Allen Harvey & Ross, with a jump of 20p to 410p, Union up 15p to 310p, Cater Ryder 5p to 245p and Gerrard & National 5p to 137p.

Equity turnover on February 15 was £64.9m (15,669 bargains). Active stocks yesterday, according to Exchange Telegraph, were Shell, BAT, ICI, Midland, P & O, Barmar, Marks & Spencer, Gus "A", AP Cement, BAT Ind, Barclays, Commercial Union, De La Rue, Dunlop, BP, Lonrho, Owen Owen, General Accident, Carrington Viella, Davy International, Booker Bros, Serck, Albright & Wilson and Land Securities.

Latest dividends

Company	Ord div	Year	Year's	Prev
Albright & Wilson (25p) Fin	1.38	2.07	1.12	3.75
Brackwhite (10p) Int	0.5	1.0	2.4	2.13
W. W. Ball (25p) Fin	0.81	0.74	1.4	1.49
Carrington Viella (25p) Fin	1.34	1.22	2.14	1.71
Colson Securities (25p) Fin	4.8	4.1	1.4	7.0
Edin & Dund Int (25p) Fin	2.3	1.58	2.74	3.5
For & Col Int (25p) Fin	2.05	1.78	5.4	2.58
John James (25p) Int	1.06	0.58	3.13	2.18
Pentland Int Fin	2.52	1.97	—	2.85
Robert R. Stockfis (25p) Fin	4.35	4.23	1.4	6.35
Thorn Sec Growth (25p) Int	0.61	0.61	4.4	1.87
Joseph Webb (5p) Int	0.26	0.26	7.4	0.86
Yeomans (25p) Fin	1.22	3.41	4.6	5.36
Consolid Rio Aust (50c) Fin	5.5	4.5	4.5	9

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. * Cents per share.

Burton 'A' get votes—one day

From Ronald Kershaw
Leeds, Feb 16

An attempt by Mr David Prosser of the National Coal Board pension fund to tie down the board of the Burton Group to a timetable for the enfranchisement of the non-voting share capital, met with no success at the company's annual meeting.

All he received in reply was an assurance that it was an objective to which the board was fully committed.

Mr Ladislav O. Rice, chairman of the group, said that the board did not think it right to take action in the present

circumstances. Mr Rice said: "We have had some unsatisfactory results in recent years. Our market capitalization on the stock exchange," he added, "is at a very low level compared with the value of the assets employed in the group and we have recently made changes in our strategy and management structure."

Mr Rice continued: "These changes are part of our programme for the Burton Group to achieve a revival. The board intends to review the question of enfranchisement when the new strategy has had a chance to be effective."

In reply to a question on the necessity for change in the retailing of menswear, Mr Rice said that there was a continuing study of new methods of retailing.

In fact much will depend on Burton's ability to pull the menswear division out of the red. A final dividend of 0.67p a share was approved bringing the total dividend for the year to 2.14p a share which is half of that year's payment.

The chairman said that but for the board's confidence in the medium and long term final dividend would not have been recommended.

Spring back in bouncing Ball

In contrast to a small drop the year before, the pre-tax profits of W. W. Ball jumped 42.5 per cent to a record £670,000 in the year to September 30. Turnover climbed 20.43 per cent to £4.61m. The gross dividend duly rose up from 2.3p to 2.53p, the maximum.

The group made a "very promising start" to this year, order books are good and demand is growing. The directors are confident that heavy spending on plant and development will pay off.

The group makes plastic products and components for various industries.

A shade slower at John James: trust status still in doubt

Growth may be a bit slower at the John James Group of Companies but then, the figures are bigger.

In the six months to September 30 pre-tax profits rose by nearly 17 per cent to £885,164 and Mr John James and his colleagues think they will grow as fast in the second half year ending next month. In the full year 1976-77 profits rose 33 per cent to a peak of £2,235m.

The group splits into two, the industrial interests and the investment portfolio. The growing industrial side ploughs back every penny, and may bid for other companies.

Dividends flow from the investment portfolio and the group still does not know whether it qualifies as an investment trust for 1976-77. It thought that it fears the worst.

Even so the directors still think that franked investment income will grow to £1m this year. Preference shares were 7.143 per cent of the portfolio at the last count.

The interim dividend rises from 0.975p net a share to 1.6p or 1.63p gross. The directors and their families now have 62.5 per cent of the group's votes.

Robert R. Stockfis is near old record

Everything is going the way of Robert R. Stockfis (Manchester). In the year to August 31, 1976, pre-tax profits were ahead from £300,000 to £372,000, a little below 1973-74's best-ever £401,000. Turnover rose from £3.06m to £3.4m. The gross payment goes up by the maximum, from 9.38p to 10.54p.

The group expects an even better 1976-77. Stockfis makes components for commercial vehicles, light plant for the construction industry and other industrial metal products.

OCS to buy rest of Collars' preference

Terms have been agreed between Office Cleaning Services and Collars for OCS to acquire the preference capital of Collars. OCS already owns 2,500 of them. The offer will be 60p cash for every preference share.

OCS already owns 92.8 per cent of Collars' ordinary and the rest is held by Messrs A. H. and J. Pickles who are directors of Collars.

The board of Collars considers the offer to be fair and reasonable and recommends all shareholders to accept.

Local authorities

The interest rate on this week's issue of local authority yearling bonds is 12 1/2 per cent and the issue price 99.15. Last week the rate was 11 1/2 per cent and the price 100.

Among the local authorities are Lambeth, Cheshire, Enfield, Newham, Norwich, Luton, Ashfield, Macclesfield, Bradford, Hillingdon, Hounslow, Barnet, Leicester and Southampton.

Winn's three sales

Investment opportunities abound for the selective purchaser says conglomerate Winn Industries, and it is making sure that it has the money to be one. It wants shareholders to agree to the sale of three businesses for £137,000 cash. The three, in caravans, glazing and importing are being sold to their managing directors. Recently Winn



Mr John James, chairman.

took its holding in Mann & Overton, the taxicab people, to more than a fifth of the capital.

Helene raises money and hope of record profits

Fashionwear and leisurewear group Helene of London is to issue £575,000 of new 12 per cent convertible redeemable preference shares, 1977-86, of £1 each at par. It also forecasts 1976 profits of at least £300,000 before tax, their best-ever, against £534,000.

The group plans to continue growing mainly within existing fields. The group has substantial assets, facilities available but it is thought prudent to raise permanent capital as well. Though too early to forecast 1977, the board views prospects with "continued optimism". It intends to pay an increased dividend of 1976 of 0.61p net, the maximum, which makes 0.94p gross against 0.87p.

Alfa-Laval dispels fear of losses

Sweden's Alfa-Laval, the turbine producing concern, raised profits 4 per cent last year after depreciation and financial transactions, according to a preliminary annual report.

Although a small loss was predicted six months ago, profits jumped 4 per cent from 254m kronor (about £39m) to 275m kronor. An unchanged dividend of five kronor a share was proposed by the board.

A 6 per cent sales increase was reported, the board reports that bookings for the 1977 holiday season are once again encouraging. They reflect the trend towards home-based self-catering holidays.

Status Discount

In their annual report, Mr E. D. Healey, chairman, and Mr S. Healey, managing director, say that the development of more "Status International" stores, and Status Discount's tight management and financial controls, should ensure continued progress.

The directors' report shows that at the company year-end November 30, Mr E. D. Healey's beneficial holding was 620,150 shares, compared with 1,111 shares a year earlier. Mr M. S. Healey's holding was also reduced, from 1,17m shares to 390,150 shares.

Mercury nets £2.2m

Mercury Securities has sold its holding in London-based

Suitor in the wings for ailing Penrad

By Ray Maughan

A bid may be on the Penrad, the ailing GI radiator manufacturer are being held with party, the board revealed, but shareholders told "not to have an expectation of the of such preliminary sions".

Since early this month shares have risen from 20p before fading to night. While Penrad extremely sensitive to abnormal fluctuations persuaded the group its brokers for a pre investigation into insitings.

The favourite to offer in the City yesterday chief executive Tony I privately owned merche Morgan & Hemingway ties.

Mr Morgan, former the Parle Brothers wposal group, joined P1 January last year. W1 months he had set on the strongest fundir granmes seen in the C long time.

The Government, the Secretary of State for increased its £300,000 free loan by taking £100,000 issue of red first preference shares. Land Bank stepped its up by £30,000 to £25, restored £30,000 of payments on an £600,000 10-year loan the company.

Penrad also lams £204,000 rights issue verible redeemable 25p preference shares at p. subsequent failure, acc amounting to 44.4 per cent the underwriters Mr Hemingway, with most of the equity. T been interpreted as a stone for a full bid.

In the six months to last, Penrad's losses had from £146,000 to £174, the interim dividend p. Since then, the boken brightly of a 50 jump in the real v. orders, the smaller en division's swift recover the earnings have an improved quality an ductivity and increas of output. Assets wer 15.3p per share in a balance-sheet, but a revalued.

UB brings in quality cater

United Biscuits, which bought the Wm Golden Egg restaurants Lyons, is now absorbing quality frozen-food tures. In an agreed d to pay £495,000 in shu Alveston Kirchens.

Alveston, based at S on-Avon, makes luxury food products chiefly catering trade. Apart f Eric Jameson, chairman, retiring, Messrs Jol George Docker, the mai holders, continue as director and marketing. They started the busin years ago.

Penex \$300m Eurocredi

A \$300m five-year Euro-market credit for Mexico's state oil company Petroleos Mexicanos starts syndication today. The credit carries a 11 per cent margin over London Interbank offered rate for the first two years and 11 per cent thereafter. This compares with

Newfoundland bo is now \$50m

Paris, Feb 15.—The of Newfoundland's n cent 12-year internation issue was raised to \$50 the \$40m originally p and was priced at 100 p a spokesman for lead n Credit Commercial de said.

A purchase fund will throughout the life of the which, if fully used, w the issue an average 9.81 years.

Euromarkets

11 per cent Mexico paid for five-year State-backed credits before last autumn's free floating devaluation of the peso. Syndication will take about two weeks, with signing expected in mid to late-March.

Business appointments

Mr P G Hall to become Esso Petroleum director

Mr P. G. Hall is to become a director of Esso Petroleum from April 12.

Mr David Bonham has been appointed controller finance of SSC (International) and SSC Services. He succeeds Mr Brian Walsh who has resigned.

Following the recent appointment of Mr J. S. Kerridge as chairman of Fisons fertilizer division, Dr J. G. Hunter, production director, becomes deputy chairman of the division.

Mr Philip Zuvanchik has been appointed vice-president, production, for Conoco North Sea Incorporated. He replaces Mr Dennis Gregg, who has been made vice-president and general manager, Murichison Project.

Mr C. R. Freedy has been named chairman and managing director of Peter B. Harris.

Professor E. E. Rahmany has been appointed a director of IPDS.

Mr John Martin becomes chairman of PRS Group in succession to Mr Hugh Buckner, who remains a director. Mr Martin also becomes chairman of Planning



Results at a Glance:		
	1976	1975
	£'000	£'000
Turnover	111,951	85,957
Profit before Tax	9,376	7,298
Profit after Tax	4,624	3,311
Dividend	3.2071p	2.9156p
Earnings per Share	10.00p	8.41p

From the Annual Report
It is a pleasure to report on the outcome of the most successful year that CompAir has ever had. CompAir owes its success and its prospects for the future to its strength in overseas markets, particularly those in which the Company has its own subsidiaries.

Accounts
Turnover at £112m. passed £100m. for the first time, and the profit before taxation and extraordinary items showed an advance of over £2m. at £9.37m.: 30 per cent. and 28.5 per cent. respectively above the previous year's figures. Some 73 per cent. of turnover was accounted for by overseas sales.

Capital Expenditure
We have far-reaching plans for re-equipping our various manufacturing facilities and we expect our rate of capital expenditure to accelerate in the course of 1977. Full employment of the

Group's UK workforce and the profitability of our eight factories in this country depend squarely on export markets.

Products
Underlying our constant programme of product improvement, design and development are two essential strategic aims. These are to rationalise our very wide product range and to concentrate work at each production centre upon a particular part of the range. Longer production runs will lead to greater efficiency and, above all, lower unit costs.

The U.S.A.
Through Kellogg-American, whose pre-tax profits comfortably exceeded the equivalent of £1m, CompAir is already well established in the U.S.A. but we aim, as a major priority, to broaden the Group's product base in that country and to raise domestic U.S. earnings to a much higher level.

People
No company can be better than the people who compose it and the year's results are an expression of the loyalty, enterprise and hard work of those, some 8,000 in number, who work with CompAir. Looking to the future, our first priority now is to identify, encourage and develop the potential that exists in our operating companies at home and overseas.

Niall Macdiarmid, Chairman

Chairman's Statement at AGM

I remain confident of our ability to perform well during the current year given reasonable stability in the present order trend. Business during the first quarter showed an improvement on the corresponding period of last year and prospects are favourable for the first half. No specific developments are foreseen which should impair our capability to

achieve a further advance in sales for the full year. We regard the overall level of order books as satisfactory, although, in certain sectors they are not underpinned to any great depth by forward contracting.

Copies of the Annual Report & Accounts can be obtained from the Secretary, CompAir Limited, Brunel Way, Slough, Berkshire SL1 1XL.

Principal Group Trade Marks:

BroomWade Holman Hydrovane Kellogg American Maxam Reavell

A British company with a major international presence in the industrial construction and mining markets for compressed air equipment.

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